

# DAILY REPORT

*China*

I. Vol I No 158

15 August 1986

Effective 18 August the "Hong Kong Media on China" section of the China Daily Report will be renamed "Hong Kong & Macao." It will contain items on Hong Kong and Macao from all sources. Hong Kong media will, henceforth, be treated like all other sources, i.e., items from Hong Kong media will be published in whatever section they concern.

Daily Report Managing Editor

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COMMENTARY ON U.S. WHEAT SUBSIDIES, AUSTRALIAN REACTION

HK141136 Beijing GUANGMING RIBAO in Chinese 7 Aug 86 p 4

["International Commentary" column by Canberra-based reporter Lup Yiqing: "Harming Others but Not Benefitting Oneself -- Comment on U.S. Wheat Sales to Soviet Union at Cheap Prices"]

[Text] On the morning of 4 August, about 100 indignant Australian farmers from various states, representing wheat producers throughout Australia, braved the rain in a demonstration before the U.S. Embassy in Australia in protest of President Reagan's decision to subsidize farmers and sell 4 million tons of wheat to the Soviet Union at a bargain price. This act points to a new upsurge in Australia's ever-growing sentiment of dissatisfaction with the United States over the wheat problem.

Grain exports occupy an important place in Australia's economy. The Soviet Union is the largest buyer of wheat from Australia. The U.S. decision to sell wheat cheaply to the Soviet Union means that Australia is likely to lose its largest buyer. This has not only caused an already difficult economic situation in Australia to grow ever worse but will likely bring about the bankruptcy of many farmers and increased unemployment leading to social disquiet.

Once the news about the proposal to enlarge the scope for subsidized wheat sales reached Australia, the reaction was quick and strong. On 21 July, Prime Minister Hawke made a strong protest against this to U.S. President Reagan, demanding that he reconsider his decision. On 24 July, Prime Minister Hawke again made a telephone call to U.S. Secretary of State Shultz reminding the United States to think of the consequences and not to let immediate economic benefits affect long-term strategic interests. On 25 July, Prime Minister Hawke separately telephoned and wrote to Canadian Prime Minister Mulroney and Argentine President Alfonsin proposing the establishment of an international alliance of unsubsidized wheat countries in order to put pressure on the United States to make it abandon its subsidized wheat sales plan. Some people in Australia have suggested using the removal of U.S. military bases and facilities in Australia as a pawn in bargaining with the United States. Some have even called for following in the footsteps of New Zealand and parting company with the United States. To convey to Washington the consensus of opinion on the part of various Australian parties and groups, the Australian Government sent, on 30 July, a joint delegation of various parties represented in Parliament, headed by Minister of Primary Industry Kerin, to the United States in an attempt to persuade U.S. Congressmen to give up the subsidized wheat sales plan. But Reagan even disregarded the strong opposition of the government of Australia and its people and made the decision to sell 4 million tons of wheat to the Soviet Union at a bargain price.

People still clearly remember that during Hawke's visit to the United States earlier this year, Reagan assured Hawke that the United States would never take away Australia's wheat market. Less than half a year later, the United States wanted to squeeze its way into Australia's biggest wheat market. This explains why Prime Minister Hawke recently said with indignation: U.S. statesmen are a bunch of hypocrites. This has caused their allies to lose confidence in them.

On the face of it, Reagan's decision has done others harm and himself good. In fact, the act is not necessarily beneficial to the United States. In an economic sense, the United States has hurt others. But it has also to hand out \$1 billion in subsidies for farmers. [paragraph continues]



More importantly, the United States has morally forfeited the allies' confidence. Mc Lachla, chairman of the Australian National Farmers' Federation, said: Many Australian farmers fought shoulder-to-shoulder with the Americans in world wars. Now they feel that they have been totally sold out. In an article, THE AUSTRALIAN pointed out: As the United States has proved itself capable of sacrificing its ally of many years to economic interests in time of peace, reliance on U.S. protection in case of an outbreak of war can hardly be imagined. Observers predict that though Australia will not now remove the U.S. military bases in Australia, or follow in New Zealand's footsteps, severing defense relations with the United States, there will yet be a further development in Australia's feelings of distrust of the United States and the trend toward a breaking away. A shadow will be cast over the outlook for Australian-U.S. relations.

#### PRC ATTENDS UN CONFERENCE ON SEA AUTHORITIES

OW130622 Beijing XINHUA in English 0536 GMT 13 Aug 86

[Text] United Nations, August 12 (XINHUA) -- Representatives from more than 100 countries gathered today for the opening of a U.N.-sponsored summer meeting on establishing sea authorities.

The preparatory commission of the international seabed authority and for the international tribunal for the law of the sea will meet until September 5.

The summer meeting will focus on the registration of "pioneer investors" for deep seabed mining and will consider further the necessary rules and regulations for the establishment of an international seabed authority and an international tribunal for the law of the sea.

The Chinese delegation is led by Chen Bingxin, deputy director-general of the State Oceanic Administration.

The preparatory commission was set up in 1983, according to a resolution of the third U.N. Conference on the Law of the Sea. Its main task is to prepare for the creation of the two international institutions following the entry into force of the U.N. Convention on the Law of the Sea, which was adopted in 1982.

Since the convention was opened for signature in 1982, 159 nations, including China, have signed it. There are now 30 ratifications to the convention. But 30 more ratifications or accessions are needed for its entry into force.

Prior to its becoming effective, the preparatory commission has paid particular attention to the problem of applications for registration as "pioneer investors". To date, France, Japan, the Soviet Union and India have expressed their intentions to apply for registration.

In accordance with a resolution of the U.N. Conference on the Law of the Sea, those applying for "pioneer investors" status must ensure that none of the seabed area for which they are applying overlaps with another's.

The United States has refused to sign the U.N. Convention on the Law of the Sea and is boycotting the meeting of the preparatory commission.

U.S. MEMBER OF CHANG JIANG EXPEDITION DIES

OW141424 Beijing XINHUA in English 1416 GMT 14 Aug 86

[Text] Xining, August 14 (XINHUA) -- A 28-year-old U.S. cameraman died of pneumonia on August 3 during the floating of the Yangtze River, it was learned from the Sino-American Yangtze River expedition which arrived in Zhimenda in Yushu Tibetan Prefecture, Qinghai Province, yesterday.

David Shippee, who was among the 27-member expedition, started the floating from the Tuotuohe River bridge on July 31 and suffered a relapse of pneumonia on the night of August 2 when the expedition bivouacked on the riverside. He could not stand up the following day and was given emergency treatment by the expedition doctor. At 2330 hours on August 3, he passed away after his failure in response to all rescue measures.

The expedition floated a distance of 80 kilometers from the Tuotuohe River bridge to Zhimenda in 14 days and was welcomed by local Tibetans along the riverside, who provided the expedition members with buttered tea and mutton.

On July 10, David Shippee contracted pneumonia and was rushed to the Germu City Hospital for medical treatment. He recovered quickly and after a few days, rejoined the expedition to resume floating.

David Shippee's remains were buried on the Tuotuohe riverside on August 4.

Four American members withdrew from the floating and will return home. Then, the joint expedition will continue its drifting from Shimenda, according to the expedition.

CAAC, GE SIGN AIRCRAFT ENGINE PURCHASE CONTRACT

OW121100 Beijing XINHUA in English 1046 GMT 12 Aug 86

[Text] Beijing, August 12 (XINHUA) -- The Civil Aviation Supply Corporation, a division of the Civil Aviation Administration of China (CAAC), and the General Electric Company [GE] of the United States today signed a contract for the purchase of five General Electric aircraft engines.

The CF6-80C2 high bypass turbofan engines, worth 40 million U.S. dollars, will be used to power two Airbus Industrie A310-300s scheduled to be delivered to CAAC-Shanghai by Airbus Industrie in mid-1987.

CAAC-Shanghai is currently operating two A310-200 aircraft.

The CF6-80C2 engine is rated at 50,000 to 59,000 pounds thrust, with a growth capability to 62,500 pounds thrust. It has been selected to power six types of aircraft -- the Airbus Industrie A300-600, A310-200, and A310-300, and the Boeing 747-300, 767-200, and 767-300.

Besides CAAC, other international customers, including Air India, Lufthansa German airlines and All Nippon Airways, have also purchased the engines.

Hu Yizhou, director general of CAAC, and Brian H. Rowe, senior vice president and group executive of the aircraft engine business group of General Electric, were present at today's signing ceremony.

GORBACHEV REMARKS 'FAR FROM REMOVING' BLOCKS TO TIES

HK140104 Beijing CHINA DAILY in English 14 Aug 86 p 1

[By staff reporter Liang Weiya]

[Text] Chinese State Councillor and Foreign Minister Wu Xueqian yesterday morning met with Vladimir Fedotov, Charge d'Affaires ad interim of the Soviet Embassy in Beijing. They discussed Sino-Soviet relations, a Foreign Ministry spokesman said at the weekly news briefing.

The Foreign Minister told Fedotov that China had taken notice of General Secretary Mikhail Gorbachev's statement about improving Sino-Soviet relations made in Vladivostok (Haishenwai) on July 28, and attached importance to it and expressed welcome.

He stressed, however, that Gorbachev's statement was still far from removing the three major obstacles to better relations. In particular Gorbachev evaded the question of withdrawing Vietnamese troops from Kampuchea, "and the Chinese side is not satisfied with this."

"The withdrawal of the Vietnamese troops from Kampuchea and the fair and reasonable settlement of the Kampuchean question are matters the Chinese side is most concerned about," the Minister said.

China sincerely wishes to see an early normalization of Sino-Soviet relations and hopes that the Soviet side will earnestly consider the views of the Chinese side, he said.

The Foreign Ministry spokesman said that Charge d'Affaires Fedotov indicated that he would report Minister Wu's remarks to the Soviet Government.

USSR STATISTICAL DELEGATION ENDS WEEK-LONG VISIT

OW150454 Beijing XINHUA in English 0153 GMT 15 Aug 86

[Text] Beijing, August 15 (XINHUA) -- A four-member delegation from the Central Statistical Board of the Soviet Union led by M.A. Korolev, head of the board, left here today at the end of a week-long visit to China.

The Soviet delegation was invited by China's State Statistical Bureau. During its stay in China, the delegation exchanged views with Zhang Sai, director-general of China's State Statistical Bureau, on issues concerning social and economic statistics. The delegation also visited statistical bureaus of Beijing and Liaoning Province.

XI JIANQUN'S MOSCOW PRESS CONFERENCE REPORTED

OW141121 Beijing in Russian to the USSR 1800 GMT 26 Jul 86

[Text] The PRC trade and economic exhibition opened in Moscow on 26 July. Xie Jianqun, head of the PRC trade and economic exhibition delegation, held a press conference on the previous day. First of all, he briefly described the exhibition. He said: The PRC trade and economic exhibition has been organized in Moscow in accordance with the agreement on mutual holding exhibitions in the PRC and the USSR in 1986. A USSR industry and trade exhibition will open in Beijing this winter.



This, undoubtedly, is a result of the uninterrupted development in recent years of trade and economic cooperation between the PRC and the USSR. At the same time, it will also promote further development of trade and economic relations between both countries.

The floor area of the PRC trade and economic exhibition is 2,500 meters. The exhibition will open on 25 July and close on 10 August. It will be opened for 17 days. Every morning, Monday to Friday, it will be open only for specialists and foreign trade officials, in order to conduct business and trade operations and exchange experience. At other times, the exhibition will be opened to the public at large.

As the PRC is holding its first separate exhibition in the USSR since 1963, all the PRC ministries and trade companies taking part in the exhibition -- 27 in all -- attached great importance to selection of the goods. They have attempted to present goods with potential for export to the Soviet Union at the exhibition. These include machine tools, machines for light industry, electrical motors, instruments, petrochemical industry products, ferrous and nonferrous metal wares, electronic industry products, electrical appliances, consumer products, silk, textile goods, clothing, foodstuff, handicrafts, and products of local industries and animal husbandry, as well as books and magazines. Also represented are some models, photographs, and color slides -- more than 4,000 various exhibits in all. Besides, the All-China Silk Company has sent a group of models, who will demonstrate fashions in the exhibition hall. We have commissioned the All-Union Vneshposyltorg Association of the USSR to sell commemorative souvenirs.

We hope that Soviet visitors and specialists will, by visiting the exhibition, acquire a better and more direct knowledge of the products of all branches of PRC industry and agriculture, as well as their quality and technology. We also hope that it will promote further broadening of trade between the two countries in the next 5 years.

Xie Jianqun noted: I have to say that this exhibition, on the one hand, reflects the achievements of the Sixth Five-Year Plan, which was overfulfilled by the PRC at the end of last year. During the last 5 years, the average annual growth of the gross industrial and agricultural output was 11 percent, and the average annual growth of the gross national product was 10 percent. Such rates of economic growth have led to appreciable strengthening of our country's economic might as a whole, as well as to consolidating the material base for developing trade and economic cooperation of the PRC and foreign countries.

The Seventh 5-Year Plan, which is being implemented since the beginning of the current year, stipulates that by 1990 the total volume of the PRC's import and export trade, compared to that of 1985, will grow by 40 percent. According to the PRC-USSR Government trade and payment agreement for 1986-90 signed in July last year, the rate of growth of trade volume between our two countries will exceed the rate of growth of the country's general import and export trade volume. To achieve the goals set by the governments of the two countries, trade and business groups of both countries must make efforts to deepen mutual understanding and to broaden spheres of goods exchange. A mutual organization of exhibitions is one of the best ways to achieve these goals.

The PRC Government attaches great significance to these exhibitions. The PRC trade and economic delegation headed by Jia Shi, chairman of the China Commission for Promoting Development of International Trade, has already arrived in Moscow.

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It will be directing the exhibition opening ceremony and will hold talks with the USSR Chamber of Commerce and Industry on a plan of mutual organization of exhibitions for the next few years.

In conclusion, Xie Jianqun, head of the PRC trade and economic exhibition delegation, said: Traditional friendship exists between the Chinese and Soviet peoples. Our exhibition has also brought a cordial greeting to the Soviet people from the Chinese people. Taking this opportunity, on behalf of the PRC exhibition delegation, I would like to ask the comrades of the USSR journalist circles to convey the best wishes to the Soviet people.

USSR SPOKESMAN CITED ON HOPES FOR U.S. SUMMIT

OW141826 Beijing XINHUA in English 1744 GMT 14 Aug 86

[Text] Moscow, August 14 (XINHUA) -- The Soviet Union hopes to reach an agreement with the United States to ensure a fruitful summit scheduled for later this year, Foreign Ministry spokesman Gennadiy Gerasimov said today.

Asked at a press conference if an advance guarantee of progress on arms control is a prerequisite of a Reagan-Gorbachev summit to be held by the end of this year, Gerasimov said it was still too early to answer that. He said the two nations are only at the initial stage of preparations for the September 19-20 meeting between Soviet Foreign Minister Eduard Shevardnadze and U.S. Secretary of State George Shultz in Washington. The prospects of a second summit would be only outlined at the meeting, the spokesman added.

On the disarmament talks held between Soviet and U.S. arms control experts Monday and Tuesday in Moscow, Gerasimov again said it was also too early to draw conclusions on the discussions. He said a second round of discussions will be held in Washington and reaffirmed Moscow's stand that it wants agreements on halting the arms race on earth and preventing one in outer space.

NAKASONE CANCELS VISIT TO YASUKUNI SHRINE

OW141254 Beijing XINHUA in English 1231 GMT 14 Aug 86

[Text] Tokyo, August 14 (XINHUA) -- Prime Minister Yasuhiro Nakasone will not visit the Yasukuni Shrine for Japan's war dead Friday, the 41st anniversary of Japan's defeat in World War II, the Japanese Government announced Thursday.

Chief Cabinet Secretary Masaharu Gotoda said in a statement this afternoon that "after careful and independent consideration, we have decided to withhold an official visit to the Yasukuni Shrine by Prime Minister Yasuhiro Nakasone." He said Nakasone's decision not to visit the shrine was a "prudent and independent" one taken with the "criticisms of neighboring countries" in mind. The chief cabinet secretary said "We must stress international ties and give appropriate consideration to the national sentiments of neighboring countries." As for other cabinet ministers, he said, it is up to them to make a "proper judgment" whether or not to visit the shrine.

On August 15 last year, Nakasone made the first official visit to the shrine by a postwar Japanese prime minister. The move was bitterly criticized by China and some other Asian countries and regions, because among the 2.46 million war dead honored at the shrine are wartime Prime Minister Hideki Tojo and 13 other World War II A-Class criminals, who were sentenced to death by hanging by the Tokyo International Military Tribunal.

PRC Welcomes Cancellation

OW141141 Tokyo KYODO in English 1125 GMT 14 Aug 86

[Text] Beijing, Aug 14 KYODO -- China gave high marks Thursday to Japan's official announcement that Prime Minister Yasuhiro Nakasone will not make an official visit to the Yasukuni Shrine Friday on the 41st anniversary of Japan's defeat in World War II. Foreign Ministry sources said China welcomed a statement issued by Chief Japanese Cabinet Secretary Masaharu Gotoda on the cancellation of Nakasone's visit to the shrine, dedicated to the war dead, including Gen Hideki Tojo and other Class-A war criminals executed after conviction in the Tokyo War Criminal Trial.

Japan's neighboring countries reacted unfavorably to Nakasone's visit to the shrine in his capacity as prime minister last year, chiefly because the executed war criminals are enshrined there. Gotoda said Thursday that the government must give appropriate consideration to the national sentiments of Japan's neighboring countries.

PRC, NORTH KOREA AGREE TO ESTABLISH CONSULATES

OW141113 Tokyo KYODO in English 1107 GMT 14 Aug 86

[Text] Tokyo, Aug 14 KYODO -- North Korea and China have agreed to establish first consulates outside their capitals, diplomatic sources here said Thursday. The sources said the agreement called for North Korea to set up its consulate in Shenyang and for China to open a consulate in Nampo, southwest of Pyongyang by the end of this year.



The agreement appeared to reflect the continued importance North Korea attaches to its relations with Beijing although it has been said that Pyongyang has strengthened its pro-Soviet stance in recent years. It also seemed to indicate that China wanted to check the Soviet Union's advance on the western coast of North Korea. There are many Korean residents in the regions close to Shenyang in northeast China, which was formerly known as Manchuria. Nampo is the sea gateway to Pyongyang and is an important port for Sino-North Korean trade.

#### MONGOLIA TO EXPAND BORDER RAILROAD STATION

OW141134 Beijing XINHUA Domestic Service in Chinese 1035 GMT 13 Aug 86

[Text] Ulaanbaatar, 12 Aug (XINHUA) -- According to a local newspaper report, Mongolia will expand the Dzamin Uud Railroad Station during the current 5-Year Plan (1986-1990).

The Dzamin Uud Railroad Station is the only border port station connecting the railroads of Mongolia and China. The station's expansion is part of Mongolia's railroad expansion project during the current 5-year plan. Mongolia's investment in railroad expansion projects in this 5 years will increase 170 percent as compared with the previous 5 years.

With the increase in trade volume between China and the Soviet Union, and between China and East European nations, rail freight through Mongolia has increased remarkably in recent years.

#### WU XUEQIAN MEETS JAPANESE CHILDREN'S GROUP

OW140814 Beijing XINHUA in English 0638 GMT 14 Aug 86

[Text] Beijing, August 14 (XINHUA) -- Wu Xueqian, state councillor and foreign minister, met here today a group of Japanese children from the Tokyo Junior Chamber Inc., led by Taito Yamamoto.

WU XUEQIAN CONGRATULATES THAI COUNTERPART

BK141128 Beijing International Service in Thai 1330 GMT 13 Aug 86

[Text] On 12 August Wu Xueqian, Chinese state councillor and foreign minister, sent a telegram to Air Chief Marshal Sitthi Sawetsila, congratulating him on his reappointment as Thai foreign minister. The telegram says:

I would like to express to you my profound congratulations on Your Excellency's reappointment as foreign minister of the government of the Kingdom of Thailand. The Thai Government has made great efforts in maintaining regional peace and stability. It has enjoyed greater status in the international forum day by day. Your Excellency has made great contributions to this. I sincerely hope that the friendly relations between China and Thailand and the close cooperation between our two countries in international affairs as well as the pure personal friendship between us will be further strengthened and consolidated.

RENMIN RIBAO ON VIETNAM'S ECONOMIC DIFFICULTIES

HK150351 Beijing RENMIN RIBAO in Chinese 10 Aug 86 p 6

["International Jottings" by Rong Jiu: "'Daily Battle' of Vietnamese Housewives"]

[Text] In Vietnam, housewives call their daily shopping "everyday battles." Why? Listen to a housewife in Hanoi talking about her personal feelings: I become very upset every day when I go to the market, not only because of the shortage of goods. I am afraid that I cannot afford to buy anything due to the price hikes. So when I come to the market, I feel as though I have lost my purse; and when I hear the prices, I feel faint and dizzy.

The markets reflect the economic situation and social conditions of a country. From Hanoi's markets, people can see how weak Vietnam's economy has become and how serious the material shortage there is. Even the Vietnamese authorities cannot deal with the country's economic difficulties and the chaotic economic situation. So a number of ministers have been dismissed from office as scapegoats.

Vietnam was originally a rich land of fish and rice. The country has a congenial climate and abounds in natural resources. After a long period of war, if the government had adopted a policy of rehabilitating and developing the economy, it would not have been too difficult to bring a more pleasant life to the people. However, the Vietnamese authorities ignore the people's livelihood and stick to an aggressive and expansionist policy by wantonly engaging in military aggression. This has placed Vietnam in a quagmire and the country is now unable to extricate itself from that quagmire. The war needs money, materials, and manpower. Where do such things come from? The Vietnamese authorities have asked another big power for some help, but they mainly squeeze it out of the Vietnamese people. The Vietnamese are driven to Cambodia to act as cannon fodder; materials are used to make weapons for killing people; and money is used to fill the bottomless pit of aggressive war. Under these circumstances, how can the people avoid eating bitter fruit? The nervous "battle" of the housewives in Hanoi is merely a small part of all the sufferings that the Vietnamese people are undergoing. There is a way to change the miserable "battling" lives that the people are leading. That is, they should stop their despicable "battles" in Cambodia and immediately withdraw the Vietnamese troops. It is still not too late to do so. Otherwise, if the war of aggression in Cambodia continues, the "battles" that the Vietnamese people are fighting in the markets will never end.

CGDK MEETING PROPOSES SOLUTION TO CAMBODIAN ISSUE

OW130812 Beijing XINHUA in English 0602 GMT 13 Aug 86

[Text] Bangkok, August 12 (XINHUA) -- The eight-point proposal put forward by the Coalition Government of Democratic Kampuchea (CGDK) has become Kampuchea's national charter for the present and future after the Vietnamese withdrawal from Kampuchea. This was released in a communique issued today by the CGDK Council of Ministers after a meeting held yesterday under the chairmanship of President Norodom Sihanouk and Vice-President Khieu Samphan.

The eight-point proposal for a peaceful solution of the Kampuchean issue was put forward by the high representatives of the three parties of CGDK in March 1986.

The communique said that the meeting was proceeding in a "warm resistance against Vietnamese occupation during the past eighth dry season and the current rainy season:

-- Firstly, the resistance forces are being able to penetrate and launch attacks against the Vietnamese aggressors deeper inside Kampuchea, especially in the region of the great lake of Tonle Sap and around Phnom Penh.

-- Secondly, they are being able to operate permanently around Phnom Penh, main cities and main centers of Kampuchea.

--Thirdly, the three patriotic forces of the CGDK are enhancing their cooperation and mutual assistance in the fighting against the Vietnamese throughout the country.

-- Fourthly, the Kampuchean population, Khmer soldiers and members of communal administration's committees forcibly enlisted by the Vietnamese aggressors are participating more actively in the struggle for national liberation by cooperating more and more closely with the resistance forces.

The Council of Ministers is determined to further develop its favorable situation, especially the cooperation between the tripartite forces of the CGDK and the great national union both inside Kampuchea and abroad. It will pursue the struggle until Vietnam agrees to negotiate with the CGDK and withdraw all their forces from Kampuchea, the communique said.

The communique appealed to the Vietnamese leaders to reconsider their position on the eight-point peace proposal of the CGDK which calls for a two-phased withdrawal of all the Vietnamese troops from Kampuchea and the formation of a four-party coalition government including the Heng Samrin regime in Phnom Penh. "So long as they refuse to accept a political solution of withdrawing all their forces of aggression from Kampuchea," the communique said, the Vietnamese will not be able to extricate themselves from their difficulties. "On the contrary, these difficulties will be worsening in the Kampuchean battlefields and in Vietnam itself, and Vietnam will be more isolated on the international arena."

The ministries pledged to transform the eight-point proposal into a real force inside Kampuchea and abroad in order to strive for a political solution to the Kampuchean problem.



ARTICLE REVIEWS EAST EUROPEAN PARTY CONGRESSES

OW131301 Beijing Domestic Service in Mandarin 1050 GMT 12 Aug 86

[Article by Jia Shan: "The Party Congresses of East European Countries" -- from the "International Current Events" program]

[Excerpts] All socialist countries in Eastern Europe, except Romania and Hungary, have held or will hold party congresses this year. Following the 27th congress held by the Soviet Communist Party in late February, the Czechoslovak, Bulgarian, Democratic German, Yugoslav, and Polish parties convened their respective congresses between March and June. In addition, the Albanian party will hold its ninth congress in November.

The Yugoslav party congress was held at an extraordinary time. According to the statement made by the Yugoslav comrades, an economic crisis had hit their country, and the task of the party congress was to arrive at a unanimous conclusion as to the cause of the crisis and especially as to how to solve the question of what steps should be taken next. The party congresses of the other four countries all formulated new 5-year plans or economic development programs for a longer term beginning 1986. Without a doubt, they will have a significant impact on their socioeconomic development in the coming 5 years or for an even longer period. [passage omitted]

Over the past few years, all these countries have proceeded with improving and reforming their economic management systems. Despite differences in methods and scale, they have all taken steps in this direction and obtained some experience. The party congresses of these countries held that this work should be continued. The leaders of Democratic Germany said that further efforts would be made to improve management, planning, and economic accounting in developing the national economy. While improving central economic management, Czechoslovakia will increase the responsibility and authority of local governments and the various developments and bring the initiative of labor collectives into full play. In economic reform, Bulgaria established autonomous economic organizations to implement the principle of autonomy. The purpose of this is to replace the principle of departmental control over economic work so as to eliminate bureaucracy, advance toward a new plan and a new management method, and encourage competition. To achieve this purpose, the Bulgarian Communist Party made organizational and personnel adjustments, abolished eight economic departments, and formed an economic commission prior to the convocation of its 13th congress. Poland's economic reform tasks during the new 5-year plan are to strive for greater benefits, restore its budget balance and the balance between market supply and demand, link workers' wages to the results of their work, and adjust commodity prices.

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In foreign affairs, Yugoslavia will continue to pursue a nonaligned foreign policy, strive to develop relations with all other countries in all fields, and is especially enthusiastic about the establishment of stable and all-round relations with all its neighbors. The party congresses of the other countries reiterated that strengthening the unity and cooperation with the Soviet Union is the cornerstone of their foreign policies and expressed support for the Soviet proposals for peace and disarmament. They accused the United States and the NATO countries of arms expansion and war preparation and, at the same time, said that they would continue to expand their relations of peaceful coexistence with capitalist countries, maintain and develop dialogue and cooperation with these countries, and seek to settle disputes through negotiations. Democratic Germany stressed the need to ban nuclear wars, guard against the militarization of space, and promote international cooperation to eliminate confrontation as one of the primary goals of its foreign policies. Poland said that Eastern and Western Europe shouldered unprecedentedly heavy armament burdens, and that efforts should be devoted to stopping the arms race.

It is also noted that most of these party congresses expressed the good intention of developing relations of friendship and cooperation with China. This shows that considerable progress has been made in the last few years regarding relations between China and the East European socialist countries.

#### JIANGSU GOVERNOR LEAVES FOR BULGARIA VISIT

OW141250 Nanjing XINHUA RIBAO in Chinese 5 Aug 86 p 1

[Text] At the invitation of the Bulgarian Council of Ministers, last night a Jiangsu provincial delegation led by Governor Gu Xiulian left for Bulgaria by plane via Beijing for a 10-day visit.

Members of the delegation are Pu Mengling, director of the provincial planning external affairs office; and others.

During its visit in Bulgaria, the delegation will hold talks with Bulgarian officials of departments concerned on matters pertaining to the establishment and expansion of cooperation in the fields of economy, trade, and sciences and technology between Jiangsu Province and Bulgaria. It will also visit and study the situation in Bulgaria's electronics and food processing industries, its medium and small-sized enterprises, and its economic reform. On leaving Nanjing, Governor Gu and her party were seen off at the airport by Vice Governor Chen Huanyou and by Tang Tianying and Xi Jingan.

BISHOP DESMOND TUTU CONTINUES VISIT TO PRC

Feted by Zhao Puchu

OW131410 Beijing XINHUA in English 1359 GMT 13 Aug 86

[Text] Beijing, August 13 (XINHUA) -- Zhao Puchu, vice-chairman of the National Committee of the Chinese People's Political Consultative Conference, today condemned the South African regime for its new crimes in willfully arresting and persecuting the people in South Africa. Zhao, who is also vice-president of the Chinese People's Association for Peace and Disarmament, was speaking at a banquet given by him in honor of Bishop Desmond Tutu from South Africa and his wife here this evening.

Zhao said, "The Chinese people have always sympathized with and supported the South African people in their just struggle against racial discrimination and oppression and for racial equality and democratic rights. We are following closely the development of their struggle." He expressed his conviction that the apartheid system will be completely wiped out some day so long as the South African people are united and persevere in the struggle with the assistance and support of people all over the world. "Good will be rewarded with good, and evil with evil. When the evil-doer goes to extremity, he will fall down into the hell in no time," Zhao said. "The South African regime will reap what it has sown some day and be tried by history and people if it stubbornly goes against the trend and strikes up hostility among the people. South African people will certainly win the victory."

Responding, Tutu said that he is in China as a representative of the South African people. "We thank the Chinese people for their support to us," he stated. He said he was sure that a new society will emerge in South Africa.

Earlier today, Bishop Tutu and his wife visited the Great Wall and the Palace Museum.

## Addresses Beijing Lecture

OW141024 Beijing XINHUA in English 0945 GMT 14 Aug 86

[Text] Beijing, August 14 (XINHUA) -- Desmond Tutu, Anglican bishop of Johannesburg of South Africa, today condemned the apartheid policy of the South African authorities and called on the international community to take sanctions against South Africa. In a lecture he gave in the Great Hall of the People here this morning, Bishop Tutu reiterated the opposition of the South African people to the unjust society in South Africa. He demanded that the South African authorities abolish the emergency law, release political prisoners, and negotiate with the real representatives of the people to work out a new constitution. He called on the international community to intervene and take sanctions against South Africa. He also urged the South African authorities to take actions before it is too late.

On the situation in South Africa, Bishop Tutu said that the South African people, who have been carrying out non-violent struggle against the apartheid policy, are now facing intensified violence from the South African Government. Some 2,000 black people have been killed since the government promulgated the new constitution.



The South African Government, he said, has imposed a second state of emergency, more stringent than the first. The South African Government cannot even tolerate persons who stand for justice, peace and reconciliation. He said that although he is a nobel peace laureate and has been elected archbishop of Capetown, he has no right to vote while an 18-year-old white person can vote. Such a policy of racial discrimination, he said, is ridiculously based on the color of a person's skin. The laws of the South African Government are vicious and unjust.

Bishop Ding Guangxun (K.H. Ting), chairman of the Three-Self Patriotic Movement Committee of the Protestant Churches of China, president of the China Christian Council and vice-president of the Chinese People's Association for Peace and Disarmament, took floor before Tutu's speech. "The Chinese Christians and the Chinese people are greatly concerned about our black brothers and sisters in South Africa who are suffering under apartheid system day and night," Ding said. He thanks Tutu for bringing messages about the just cause of the South African people, and said the Chinese religious groups and the Chinese people have always sympathized with and supported the struggle of the South African people against racist rule. "We condemn the South African regime for its obstinate persistence in racism, its bloody suppression of the black people of the country, its unscrupulous incursions into and intimidations of the neighboring countries as well as its criminal acts of creating disturbances and disorder in the region," Ding said. "We strongly support the just struggle of the South African people against apartheid and racial discrimination and for basic human rights and racial equality," he added.

Ding expressed the belief that the South African authorities who go against the trend of history will eventually eat their own bitter fruit. The South African people, united and persistent in their struggles and supported by the international community and the world's people, will finally win the victory.

Today's meeting was sponsored jointly by the Three-Self Patriotic Movement Committee of the Protestant Churches of China, the China Christian Council and the Chinese People's Association for Peace and Disarmament.

Among the 600 people attending were Zhao Puchu, vice-chairman of the National Committee of the Chinese People's Political Consultative Conference and president of the Buddhist Association of China; Zhao Fusan, vice-chairman of the Three-Self Patriotic Movement Committee of the Protestant Churches of China; Ren Wuzhi, director of the Religious Affairs Bureau under the State Council; Li Yuhang, chairman of the China Taoist Association; Haj Iliyas Shen Xiaxi, vice-chairman of the China Islamic Association; and Joseph Zong Huaide, chairman of the China Patriotic Catholic Association.

#### Zhao Ziyang Meets Tutu

OW141454 Beijing XINHUA in English 1423 GMT 14 Aug 86

[Text] Beidaihe, August 14 (XINHUA) -- Chinese Premier Zhao Ziyang today strongly condemned the South African authorities for stubbornly continuing their policy of apartheid. Zhao reiterated that the Chinese Government and people always sympathize with and support the South African people in their struggle against apartheid and for racial equality. Premier Zhao made the remarks at a meeting with Bishop Desmond Tutu of South Africa and his wife this afternoon at Beidaihe, a north China seaside resort.

Zhao said the brutal suppression of the black people by the South African regime can only arouse stronger resistance among the people and more severe denunciation by the international community. The black people in South Africa have fought bravely against apartheid and oppression, Zhao said, and in recent years, their struggle has been rising to new heights. "We are especially happy to note that people from all walks of life in South Africa have strengthened their unity in the struggle, with many Christians and clergymen joining the ranks of the struggle. That is a great encouragement for the black people," he said. The Chinese premier expressed his conviction that the struggle of the South African people will achieve final victory so long as the people from various circles close ranks, unite all possible forces at home and abroad and adopt various forms and means in the struggle. By their perverse acts, the South African authorities are, as a Chinese saying goes, "lifting a rock only to drop it on their own feet", he said.

Bishop Tutu said that he was very grateful to the Chinese people who support the South African people in their struggle against oppression and injustice. He added that the people of South Africa could learn much from the Chinese people, who threw off the yolk of colonialism long ago.

Zhao told Tutu that in the last three years, the Chinese Communist Party Central Committee and the State Council have moved to Beidaihe to do their office work for a month in summer.

Extending a warm welcome to Tutu on behalf of the Chinese Government and people, Zhao said: "You command the respect of the South African people as well as the people of Africa and the world as a whole because you are in the van of the struggle against apartheid together with the black people there. We in China appreciate your just cause and noble spirit."

Noting that Tutu is the first religious leader from South Africa to visit China, he said, "I believe your visit will surely be conducive to the promotion of mutual understanding and contacts between the South African church and religious circles in China between the South African people and the Chinese people."

Bishop Tutu said his visit to China left an "indelible impression" on him. China is not the regimented society people imagined, but a society of diversity. People holding different views could exchange and live peacefully. "It is really an eye-opener," he noted. And he said he was pleased to see people in China enjoy the freedom of religious beliefs. In Shanghai he saw many people going to churches.

Zhao Ziyang said, China follows a socialist system of Chinese style. The system is in the light of China's national conditions, characteristics and traditional culture. Both externally and internally China adopts the opening policy. Under this system, people enjoy more freedom and democracy. "Bishop Tutu just now mentioned the problem of diversity," Zhao continued, "in fact, both unity, identity and diversity are obvious in our country. But we combine unity and diversity. Unity means identity in goal. Regardless of religious belief, sex and age, people in various fields unite together to build the country into a strong nation in several decades."

Tutu flew to Beidaihe this afternoon in the company of Chinese Bishop Ding Guangxun. On the way back to Beijing, Tutu told XINHUA in the plane that he was surprised that Premier Zhao could meet him. This is a height of his visit to China. Zhao's well acknowledgement of South African situation and his support to the South African people's struggle have left deep impression on him, Tutu said.



CHEN MUHUA LAYS WREATH AT TOMB IN TANZANIA

OW140137 Beijing Domestic Service in Mandarin 0200 GMT 12 Aug 86

[Text] State Councillor Chen Muhua on 10 August laid a wreath at the tomb of Chinese comrades who gloriously gave their lives in the course of building the Tanzania-Zambia railroad and other projects built with China's aid. The tomb is located in the suburbs of Dar Es Salaam. (Chen Fu), Chinese economic representative in Tanzania, briefed Chen Muhua on how the 59 Chinese comrades died in the line of duty in Tanzania. Chen Muhua walked around the tomb and expressed her condolences on the death of those comrades.

PRC, TANZANIA, ZAMBIA DISCUSS TAZARA RAILWAY

OW140350 Beijing XINHUA in English 0044 GMT 14 Aug 86

[Text] Lusaka, August 13 (XINHUA) -- The Tanzania-Zambia railway (Tazara) is strategic and very important not only to the two countries, but to the whole region in the current situation, Zambian Prime Minister Kebby Musokotwane said today.

At the opening ceremony of the China-Tanzania-Zambia tripartite talks on technical cooperation on Tazara, Musokotwane said, the meeting is being held at an unprecedented and critical time in the history of the region. He praised Chinese cooperation both in the past and presently, saying that friendship and fraternal relations among the three governments were solid.

Chinese Vice-Minister of Foreign Economic Relations and Trade Lu Xuejian said that the ten years of Tazara had proved that the three countries are not only capable of building the railway, but also managing it. China would continue to support Tazara to serve countries in the region, he added.

Tanzanian Minister of Communications and Works Mustafa Nyanganyi said Tazara has contributed to the promotion of South-South Cooperation.

The tripartite talks will last two days. Several protocols of technical cooperation and assistance on Tazara will be signed tomorrow.

Upgraded Cooperation

OW141818 Beijing XINHUA in English 1736 GMT 14 Aug 86

[Text] Lusaka, August 14 (XINHUA) -- Tanzania, Zambia and China concluded talks and signed protocols on further technical cooperation for Tazara, the Tanzania-Zambia Railway, today.

The protocol says that at the request of the Zambian and Tanzanian Government the Chinese Government will dispatch a team of railway experts to the two countries to give technical guidance in planning, transportation, financial affairs, locomotives, rolling stock, civil engineering, signalling, telecommunications and railway management.



The protocol was signed by Tanzanian Minister of Communications and Works Mustafa Nyanganyi, Zambian Minister of Power, Transport and Communications Fitzpatrick Chuula, and Chinese Vice-Minister of Foreign Economic Relations and Trade Lu Xuejian. The three also signed a protocol on training of Tazara technical personnel and a special loan agreement for spare parts for the railway.

Speaking at the signing ceremony, the ministers of Tanzania and Zambia praised China's assistance and cooperation in running Tazara and described the railway as a symbol of solid South-South cooperation. The Chinese vice-minister said the agreements will improve management and operation of the railway. Tazara will play a more important role in promoting the economic development of Tanzania and Zambia as well as that of sub-region in the years to come, he added.

#### WU XUEQIAN MEETS OUTGOING ALGERIAN AMBASSADOR

OW140818 Beijing XINHUA in English 0715 GMT 14 Aug 86

[Text] Beijing, August 14 (XINHUA) -- The Chinese Government feels uneasy and is concerned about the escalation of the Iran-Iraq war, State Councillor and Foreign Minister Wu Xueqian told the outgoing Algerian Ambassador to China Abdelghani Akbi here today. Noting that the Iran-Iraq war has been fought for about six years and keeps expanding and escalating, Wu said that it has brought great damages and losses to the two countries and seriously threatened the peace and stability in the Gulf region.

The Chinese Government maintains a good relationship with both Iran and Iraq and sincerely hopes for an early end to the war, he said. He urged the two sides to exercise restraint and avoid any actions for escalating the war so as to create appropriate atmosphere for a truce. The minister also hoped that the two sides will settle their differences and disputes fairly and reasonably and end the war as soon as possible through peaceful negotiations in line with norms of international law acceptable to the both countries. Foreign Minister Wu Xueqian expressed his appreciation of the positive efforts made by Algeria for a peaceful settlement of the Iran-Iraq war.

#### CAMEROON DELEGATION HONORED IN BEIJING

OW121710 Beijing XINHUA in English 1431 GMT 12 Aug 86

[Text] Beijing, August 12 (XINHUA) -- Zhao Puchu, vice-chairman of the National Committee of the Chinese People's Political Consultative Conference (CPPCC), gave a banquet in honor of a Cameroon Economic and Social Council delegation here this evening. The delegation led by the council's chairman Ayang Luc arrived this morning at the invitation of the CPPCC National Committee.

Speaking at the banquet, Zhao said fruitful cooperation has been conducted in various fields between China and Cameroon since the two countries established diplomatic relations in 1971. The establishment of friendly ties between the CPPCC and the Cameroon Economic and Social Council has opened up a new area for friendly relations and cooperation between the two countries and peoples, he added. Luc said that his delegation's visit to China is to strengthen the existing friendship and cooperation between the two countries, and to see China's achievements and learn her experience in national construction. He said Cameroon is following closely China's modernization program.

GUANGMING RIBAO ON ENTERPRISE BANKRUPTCY LAW

HK150305 Beijing GUANGMING RIBAO in Chinese 2 Aug 86 p 3

[Article by Xiao Zhuoji: "It Is Imperative To Formulate the Enterprise Bankruptcy Law"]

[Text] Enterprises are cells of the socialist economy. Under the condition of the planned commodity economy, enterprises under the collective ownership, enterprises owned by individuals, enterprises jointly owned by China and foreign businessmen, enterprises solely owned by China and foreign businessmen, enterprises solely owned by foreign businessmen, or enterprises under the system of ownership by the whole people, are all relatively independent commodity producers and operators. The general rules of the commodity economy still apply to enterprises of all different kinds.

We know that commodities are produced to suit social needs, and that only after market exchange can the commodities produced by all enterprises suit social needs and can individual labor by the workers and staff of the enterprises be recognized by society and converted to social labor. However, the state of supply and demand on the market is changeable. Whether a commodity produced by an enterprise can meet social needs and whether the individual labor of workers and staff of an enterprise can be converted to social labor are different issues. Some enterprises which gain better promotion conditions and more market information can arrange their production flexibly and promote in the light of the change in the rate of supply and demand on the market so as to make their commodities marketable, the demand exceed supply, and the price higher than value and occupy an advantageous position in competition. Some enterprises which are not competitive or responsive to change are unable to market their products, so that they are overstocked, supply of their goods exceeds demand, the prices are lower than value and they find themselves in a disadvantageous position. Due to the considerable profit gained, the enterprises of the former category can score better economic results and develop, while, as a result of losses and heavy debts, the enterprises of the latter category could be on the brink of bankruptcy. This is an inevitable result of the role of the law of value and the mechanism of competition under the condition of commodity economy.

As the fact that a small number of enterprises go into bankruptcy does objectively exist in the socialist economy, we must recognize and handle it well according to law. In order to maintain the order of the socialist commodity economy, protect the legal rights and interest of creditors and debtors, promote competition, eliminate losers through competition, improve business management, increase economic results, and ensure the smooth progress and healthy development of economic structural reform, it is urgently necessary to formulate an enterprise bankruptcy law.

First, formulating the enterprise bankruptcy law can spur on the less advanced enterprises and effectively correct the unhealthy performance of enterprises. In economic structural reform, the decision-making power of the state-run enterprises has been expanded. As relatively independent commodity producers or operators, enterprises are economic units assuming sole responsibility for their profits or losses. However, in fact, enterprises are now not responsible for their profits or losses. When enterprises incur losses, they can raise loans from banks. If they are unable to repay the debts, they can extend the term of repayment without limit. Therefore, the debts of some enterprises have already far exceeded their real assets; and some loss-incurring enterprises still have high incomes, bonuses, and benefits, thus undermining the interests of the state. [paragraph continues]



Formulating an enterprise bankruptcy law can not only make every enterprise share its profits but also assume responsibility for its losses. Those enterprises which owe debts equal to a considerable part of their assets and fail to repay them in time must go into bankruptcy. Thus, we can effectively check and rectify any unhealthy performance.

Second, formulating the enterprise bankruptcy law can put into effect the principle of eliminating the losers through competition, unite the business management of enterprises and increase economic results. With no threat of bankruptcy, enterprises do not really feel any pressure to lower the product cost and increase the product quality or any urgency to develop new products and adopt new technology. Therefore, in many enterprises techniques are backward, products are outdated, costs are rising, management is in disorder and the efforts of consolidation are in vain. Formulating the enterprise bankruptcy law, dealing with bankrupt enterprises by means of law, and creating conditions for the redistribution and reorganization of the production elements can not only spur on the less advanced enterprises and increase the microeconomic economic results but also boost the economic strength of the advanced enterprises and increase the social economic effects.

Third, formulating the enterprise bankruptcy law can prevent uncontrolled loss of state property. When a state-run enterprise goes into bankruptcy, the state's property surely incurs a loss. However, if we do not formulate an enterprise bankruptcy law and adopt the means of law to force those enterprises on the brink of bankruptcy to declare bankruptcy, but let those enterprises which have backward technology, outmoded equipment and poor management, and which suffer serious losses, continue to waste the valuable resources of the state and occupy enormous capital, materials and labor and let the state continue to cover up their losses, we are wasting a lot of state property and resources. Therefore, formulating a bankruptcy law and adopting the means of law to forcibly eliminate through competition those less advanced enterprises which are on the brink of bankruptcy and fail to respond to the efforts of consolidation are very important to the prevention of uncontrolled loss of state property and to the protection of the state property.

Fourth, formulating the enterprise bankruptcy law can bring into play the regulative role of macroeconomy. In the economic structural reform, the economic regulation of the state will change from focusing on direct administrative regulation to focusing on indirect economic regulation. Nevertheless, to a very great extent, whether the mechanism of the indirect economic regulation can be brought into play is decided by the degree of the concern of an enterprise for its economic interests. At present, with no threat of bankruptcy, enterprises are slow in responding to the economic regulative means like taxation, interest, and so on, and do not have immediate interest in economic punishment and loss, which have greatly reduced the incentive role of the economic regulative means like taxation and interest. The formulation of the bankruptcy law can make enterprises feel the threat of bankruptcy and have immediate effects in economic punishment and loss, so as to enhance the incentive role of various economic regulative means.

Fifth, formulating an enterprise bankruptcy law can protect the legal rights and interests of creditors and debtors. Under the condition of the commodity economy, both creditors and debtors are legal entities of equal status and their legal rights and interests should all be protected by law. Therefore, the formulation of an enterprise bankruptcy law and the determination of the demarcation line of enterprise bankruptcy and compensation methods are very necessary to safeguarding the normal order of the socialist commodity economy.



Sixth, formulating the enterprise bankruptcy law will provide a law for dealing with foreign-related economic compensation. Because our country's enterprise bankruptcy law has not yet been enacted, on the issue of foreign-related compensation, the enterprises in our country are in a disadvantageous position. It is irrational that foreign businessmen often ask the state to assume unlimited joint liability for a certain state-run enterprise. Formulating an enterprise bankruptcy law and using a legal form to explicitly define the scope of property of a bankrupt enterprise, the principle of property liquidation, and the methods of compensation for creditors can provide a legal guide for foreign-related compensation. This is very important for the protection of the state interests and normal international economic exchanges.

Thus, we can see that the formulation of the enterprise bankruptcy law is a comprehensive project to ensure the effective management of the macroeconomy, the liveliness but not disorder of the microeconomy, a law for the foreign-related activities to follow and the healthy development of the economic structural reform as a whole.

Now, the conditions for the formulation of an enterprise bankruptcy law are ripe. The "Decision on Reform of the Economic Structure" of the 3d Plenary Session of the 12th CPC Central Committee has provided a full theoretical as well as policy basis for the formulation of the enterprise bankruptcy law. The practice of the economic structural reform in our country has accumulated rich experiences for the formulation of the enterprise bankruptcy law. Therefore, it is imperative to formulate and put such a law into practice as soon as possible.

#### RENMIN RIBAO ON CONTROLLING CAPITAL CONSTRUCTION

HK140401 Beijing RENMIN RIBAO in Chinese 7 Aug 86 p 1

[Commentator's Article: "Reaffirm the Guiding Principle of Balancing Expenditures Against Income -- on Reducing Fiscal Spending To Control the Scale of Capital Construction"]

[Text] At present, there is an upsurge of capital construction. From cities to rural villages, from coastal to interior areas, construction sites can be seen everywhere, and construction projects are being carried out in a big way. People have good intentions when starting these construction projects, because they all want to expand production quickly, improve their living standards, and change the poor conditions.

However, when our subjective plans go beyond the limits of objective possibilities, our economy will not be able to bear pressure beyond its capacity.

In the first half of this year, the State Council adopted resolute measures to retrench expenditure, and the expenditure for capital construction in the state budget decreased as compared with that in the same period of last year. At present, a prominent problem is that local expenditures for capital construction based on local funds have grown at a higher rate than that in the same period of last year. That is to say, projects within plans have been brought under strict control, but control over projects outside state plans has even been relaxed. As the saying goes, "hardly has one gourd been pushed under water when another bobs up." Even though we can strictly control the scale of capital construction with plans, the overall expenditure for capital construction may still grow beyond the state's financial capacity.

It is neither realistic nor sound to base expenditure on a high growth rate. Over the past few years, economic growth in our country was rather rapid. In particular, there was a very high growth rate last year, and this increased our expenditure to an excessive degree. An excessively high growth rate is not a realistic one, and it cannot be maintained for a long time. Since the beginning of this year, industry in China has been growing at a normal rate. In the long run, the national economy must develop in a continuous, steady, and well-coordinated manner, and the growth rate must not be raised to an unrealistic degree. Therefore, the focus of our financial work at present is to retrench the scale of expenditure brought about by the high growth rate. Both the central and local authorities should first resolutely control investment in fixed assets and cut down on nonproductive investment and construction projects outside the state plans. At the same time, administration expenses should also be retrenched. In short, we must not try to create a false impression of prosperity by constructing many things at the same time.

It is very important to adhere to the principle of "keeping expenditures within the limits of income." We constantly hold that it is necessary to actively tap more income sources and at the same time to carefully reduce expenditure. Provinces and municipalities which have financial surpluses should also tighten control over capital construction. In a word, financial expenditure must be retrenched effectively. All localities should make concerted efforts and subject their partial interests to the overall interests of the nation so as to achieve the purpose of balancing this year's revenue and expenditure and to create a solid foundation and a favorable environment for reform and construction in the Seventh 5-Year Plan.

#### WORLD BANK LOANS AID KEY CONSTRUCTION PROJECTS

OW150332 Beijing XINHUA in English 0151 GMT 15 Aug 86

[Text] Beijing, August 15 (XINHUA) -- China received World Bank loans of 1.1 billion U.S. dollars in the 1986 fiscal year ending June 30, bringing the total of such loans to 4.1 billion U.S. dollars since the country's legitimate status in the organization was restored in 1980.

Loans for the 1986 fiscal year, of which 450 million U.S. dollars from the international development association are interest free, are meant for 11 key construction projects, including railways, power stations, ports and universities.

#### HU QILI, GU MU PRAISE TIANJIN'S DEVELOPMENT

OW150524 Beijing XINHUA Domestic Service in Chinese 1459 GMT 14 Aug 86

[By reporter Meng Zijun]

[Excerpts] Tianjin, 14 Aug (XINHUA) -- This morning, on their inspection tour of Tianjin, Comrades Hu Qili and Gu Mu fully affirmed that the Tianjin Economic and Technological Development Zone is on the right track to make quick progress. They hoped that bold efforts would be made to probe the laws governing the commodity economy, make economic activities meet the needs of the market-oriented economy, and achieve a real success in the construction of this development zone.

Comrades Hu Qili and Gu Mu inspected some Chinese-foreign joint ventures, either completed and under construction, and were briefed by a responsible comrade of the Administrative Committee of the development zone. [passage omitted]

Both Hu Qili and Gu Mu spoke highly of the experience of the Tianjin Economic and Technological Development Zone. Gu Mu said: After a year's efforts, the Tianjin Economic and Technological Development Zone has changed a lot. An environment basically suitable for foreign investment has come into being, and the state of balance of foreign exchange receipts and payments is also good on those projects using foreign equipment and technology. This makes the zone a pacesetter for the development zones in other coastal cities open to foreign investment. Comrade Hu Qili also praised the good start and rapid progress made by the Tianjin Economic and Technological Development Zone. He said that the industrial projects in this development zone should be externally oriented, and that continued efforts should be made to explore new ways to develop such projects. Comrades Hu. Qili and Gu Mu also visited Tianjin's Xin Harbor and the Tianjin municipal motorcycle plant.

#### WAN LI ADDRESSES SOFT SCIENCE SYMPOSIUM

OW150058 Beijing XINHUA in English 0029 GMT 15 Aug 86

["Wan Li on Democratic, Scientific Policy Decision-making" --XINHUA headline]

[Text] Beijing, August 15 (XINHUA) -- Today's "PEOPLE'S DAILY" and other Beijing newspapers carry the full text of Vice-Premier Wan Li's speech on July 31 at the National Symposium on Soft Science. The symposium, held here between July 27 and 31, was attended by 300 scientists and leading officials.

Following is the gist of the vice-premier's 12,000-word speech, entitled "Democratic, Scientific Policy Decision-making -- an Important Question in Political Restructuring": Soft science is policy-making research, which ensures a democratic, scientific and institutional approach toward policy-making. Although soft science is a new term in China, policy-making research has long existed. The methods of leadership the Communist Party of China has advocated, such as "from the masses, to the masses", analysis of typical examples, experiments and investigations, are still effective and should be used.

However, many fundamental changes have taken place and our tasks have become more complicated social and economic phenomena call for systematic and comprehensive analysis, analysis into their interrelations and mutual impact. Therefore static investigations on typical cases must be combined with dynamic systematic analysis and calculation, qualitative analysis with quantitative analysis, and democratic approach with scientific approach in policy-making.

Conclusions on major issues based on individual examples without making quantitative analysis have brought a great deal of suffering to China. This shows personal preference and emotional coloring must be excluded in policy decision-making, which is a rational process. More and more decision will have to be made along with the development of China's modernization endeavor in all fields and the in-depth implementation of the open and reform policies, hence the growing urgency for soft science research.



Although soft science has developed in China and its achievements have, to a certain extent, been put to actual use, democratization of and scientific approach toward policy-making have not yet received enough attention. The overcentralized power of leadership and imperfect policy-making means are big problems for China's political structure. Therefore, an important aspect of political restructuring is to bring socialist democracy into full play and to practise democratic and scientific policy decision-making.

We have not yet established a strict system or procedures for policy decision-making, nor have we had an adequate support system, consultancy system, appraisal system, supervision system or feedback system for that purpose. Decision-making by leaders merely on the basis of their personal experience is still a common occurrence, and decisions thus made are often put into effect unchallenged. Because of this, it is very difficult to redress errors in decisions in time. It is high time now to overcome this blindness and indiscretion in making decisions.

In modern society science and democracy are inseparable. Likewise, a scientific approach toward and democratization of decision-making are also inseparable. Democratization should precede scientific policy decision-making. Because without democratization, and when the free airing of views is not encouraged, respect for knowledge, wisdom of the people and practical experience would be out of the question and a scientific approach would also be impossible. Conversely, democratization must have scientific content, procedures and methods. All these are not merely theoretical issues. They are first of all urgent practical problems. It is an unshirkable task of our generation to find solutions to them.

Leaders at all levels are crucial to democratic and scientific policy-making. It is, therefore, essential to step up re-education in democratic and scientific policy-making and deepen understanding of it throughout the communist party and the nation, especially among leading party and government officials at all levels. The party and government departments at all levels must adopt various measures and methods in a planned and step-by-step way to help leading cadres at all levels improve their knowledge of science and culture, and their ability to make policies concerning the overall situation.

It is also necessary to encourage them to study diligently and extensively, strive to overcome their possibly narrow vision and ideological awareness deriving from the small-scale production concept, and conscientiously foster a fine style of work characterized by respect for science and democracy.

In the future, policies on major issues should not be made in line with the traditional methods of personal experience and will, but must be made through scientific methods, procedures and appraisal in order to reduce and avoid major errors that might occur. Every leading department ought to have a decision-making research group to rely on. It should also give full scope to and rely on the role of decision-making researchers able to make penetrating judgements.

Moreover, every leader should make close friends with those who are both bold and farsighted, particularly those who dare to air different views and speak them out face to face without mincing words.

To develop scientific theories, it is of paramount importance to create a political environment marked by democracy, equality and consultation. Leaders must respect the democratic right of others to fully voice their opinions and should not fear that others may air views different from theirs.

Soft science research must be relatively independent of the influence of the will exercised by policy-makers. It is subject only to judgment through practice and responsible to the people and history, rather than to the will of leaders. Leaders may disagree with the viewpoints of researchers, brush aside their conclusions and turn down their suggestions. But they must not force researchers to change their views or conclusions against their own will to suit theirs. To provide a greater guarantee of democratic and scientific policy-making, we need to adopt legislative measures to give legal protection to policy-making researchers, gradually systematizing and rationalizing policy-making.

The policy of "let a hundred flowers blossom and a hundred schools of thought contend" also applies to policy research and decision-making. Before final decisions are made, time should be allowed to study and debate all political and policy questions. Since we deal with policy-making, however, we have to make final decisions under given conditions. This differs from discussions and judgment on academic ideas in the area of natural and social sciences and literary works. In that regard, leading departments are not required to make any final decisions.

Policy questions should go through three processes, namely, research, decision-making and execution. Once the leading department has made decisions on policy questions, everyone should carry them out. If researchers still have different views, they should be permitted to air them for discussion within a certain scope and through normal methods and channels, and re-assess them through practice.

By stressing the importance of the "double-hundred" policy, we on no account mean breaking away from the ideological guidance of Marxism. Soft science research should be guided by the Marxist world outlook and methodology.

#### TRENDS SHOW DIVERSIFIED USE OF FOREIGN CAPITAL

HK120120 Beijing JINGJI QUANLI in Chinese No 6, 5 Jun 86 pp 19-20, 41

[Article by Tang Jianyu and Wang Kuixue: "Diversified Utilization of Foreign Capital" -- edited by Pan Shucheng]

#### [Text] I. The Trend of Diversification in the Use of Foreign Capital

Following the further opening of China's economy to the outside world and the development of the reform of the economic structure, the work of utilizing foreign capital continues to develop and a trend to diversification has appeared. [paragraph continues]

The following are the main manifestations of this trend:

1. Multilevel import of foreign capital: As a result of the change in the system of control over the use of foreign capital from a unitary system of centralized and unified management to the present mixed cross-over system of separate management by relevant central or local authorities or departments, the power of the local authorities and departments to approve and utilize foreign capital has been enlarged. This accounts for the multilevel import of foreign capital. Foreign capital may be imported by the central authorities and the various ministries and commissions, by local governments and units at different levels, or even by the enterprises themselves.
2. Multichannel source of foreign capital: Seen from the manner of cooperation, there are funds from international financial institutions obtained through the channel of multilateral cooperation, loans and aids from foreign governments obtained through the channel of bilateral cooperation, and private foreign investments obtained through unofficial channels. Seen in terms of cooperating regions, there is capital from Hong Kong and Macao as well as capital from Europe, the United States, Japan and other developed regions and nations. Diversification in the channels of importing foreign capital has increased the choice and complexity of the source and types of funds.
3. Diversified forms of raising foreign capital: There are various forms of direct utilization of foreign capital, such as joint ventures, cooperative management, exclusive investment in enterprises, processing on order and compensation trade, as well as various forms of indirect utilization of foreign capital, such as buyer's credit, commercial loans, and loans from international financial institutions.
4. Multiple objectives in utilizing foreign capital: Analyzed roughly, there are the following major types of objectives in the utilization of foreign capital in the coastal areas and in the hinterland: First, to import advanced technology in order to play the "window" role. Second, to import suitable technology in order to readjust the production structure and product mix. Third, to promote the earning of foreign exchange through exports. Fourth, to make up for the shortage of funds, exploit resources, and develop construction in the fields of energy and communications and transport.

## II. The Merits and Demerits of the Diversified Utilization of Foreign Capital

The trend of diversification in the use of foreign capital can do good as well as harm to the opening of China to the outside world. Concrete analysis must be carried out.

To begin with, under the present circumstances when the whole country is facing an acute shortage of construction funds and backwardness in production techniques, diversification in the use of foreign capital has some obvious good points:

First, it can enlarge the scale of utilization of foreign capital and speed up the import of technology. There is no doubt that the multilevel, multichannel, and diversified means of drawing in and utilizing foreign capital can enlarge the scope of economic and technological cooperation and exchanges with foreign countries and is conducive to enlarging the scope of utilizing foreign capital and speeding up technological import.



Second, it is conducive to developing economic relations with foreign countries in a manner that suits local conditions and promoting the economic development of various localities. The multiple objectives in the use of foreign capital make it possible for various localities, departments, and enterprises to proceed from their actual conditions and the overall interests of the state in formulating and readjusting their strategies and policies of developing economic relations with foreign countries so that foreign capital and technology import can truly serve the development of the economy of the nation.

Third, it is conducive to improving the efficiency of the work of utilizing foreign capital. The delegation of power to the lower levels not only has reduced instances of squabbling and passing the buck between the higher and lower levels but has simplified administrative links and procedures, thus shortening the time between negotiation and the approval and signing of contracts in the concrete work of utilizing foreign capital and gaining both time and efficiency.

Fourth, it is conducive to the accumulation of experience and the tempering of personnel. The multilevel, multichannel and diversified forms of utilizing foreign capital has made it possible for the working personnel of various localities and departments to take part in actual economic work involving foreign countries. This is no doubt conducive to our endeavor to accumulate experience and to train and temper personnel. Moreover, this has also laid the groundwork for our being able to more flexibly choose channels and means of raising funds, organically integrating the handling of foreign trade and economic relations with foreign countries, and promoting the development of economic and technological cooperation and exchanges with other countries.

However, under the present circumstances when the old economic management system is being reformed but the new economic management system and economic order are yet to be perfected, the diversified utilization of foreign capital may bring about some drawbacks:

1. Unified planning and overall coordination are poor. The lack of prompt, necessary and truthful exchange of information and program coordination between departments and localities in the multilevel and multidepartment import of foreign capital has resulted in the careless use of foreign capital, unrestrained import, blind duplication of import and blockades and competition between localities and between departments. This is not only detrimental to the development of a unified approach in our external dealings, but poses an obstacle to the smooth realization of the state's overall program and strategy of opening to the outside world.

2. The tendency of high growth rate but poor returns is present. With different localities and departments vying to import foreign capital in the absence of scientific feasibility studies, only paying attention to the raising of foreign capital and overlooking the need to correctly utilize such funds, there has appeared a lopsided pursuit of quantity and speed in the utilization of foreign capital. This has led to the tendency of high growth rate but poor returns in the utilization of foreign capital. This is most obviously reflected in the industrial structure where foreign capital is used. There are large numbers of import-oriented enterprises but very few export-oriented ones. We have, at our disposal, a host of assembly techniques but very few production techniques. And there are large numbers of labor-intensive projects of the tertiary industry but very few technology-intensive projects of the primary and secondary industries.

3. Difficulties are beginning to appear in foreign exchange balance. The multi-level intake and utilization of foreign capital and the lack of unified planning have resulted in the above-mentioned problem of three excesses and three inadequacies. This has given rise to a substantial increase in imports and led to a drastic fall in the country's foreign exchange reserve. If measures are not taken to solve this problem at the earliest possible date, foreign exchange balance is bound to be affected. This will affect the overall balance of the national economy and undermine its proportionate and coordinated development.

### III. Some Points for Attention in the Diversified Utilization of Foreign Capital

How to strengthen macroeconomic management and promote the smooth progress of the diversified utilization of foreign capital and technology import on the basis of conducting investigations and study and summing up experience is a task which urgently needs to be looked into. In this regard, we believe that we must seriously take note of and tackle the following issues:

1. We must maintain a suitable scale for the amount of foreign capital to be utilized. Foreign capital cannot be utilized without limits. For a developing country, it is no doubt correct to make use of foreign capital to import technology and promote the development of the nation's economy. However, foreign capital, whether utilized through direct or indirect means, is a kind of foreign debt. Thus, we must take our national strength into consideration and suitably fix the scale of the amount of foreign capital to be utilized. Specifically, we must fix the scale of the amount of foreign capital to be utilized by the state or by the local authorities and departments in accordance with repayment ability, the country's ability to supply its share of funds and resources, and the ability to digest and assimilate advanced technology. In order to maintain foreign exchange balance and overall national economic balance, the scale and growth rate of the utilization of foreign capital must be kept proportional to national income, revenue, and foreign exchange income earned through exports. We must rectify the erroneous view that the more foreign capital we utilize, the better it is, and the faster the rate of growth in the amount of foreign exchange we utilize, the better it is.

2. We must correctly handle the relationship between the utilization of foreign capital and technology import. The intake and utilization of foreign capital is but a means to an end, which is to import advanced and suitable technology in order to promote the development of the nation's economy. Thus, the drawing in and utilization of foreign capital must be preconditioned by the import of advanced and suitable technology and scientific management methods. The intake and utilization of foreign capital must be closely integrated with technology import. To this end, we must pay attention in our work to strictly controlling the structure of projects in which foreign capital is utilized. Restrictions should be imposed on those projects which may merit the use of some foreign capital but are operating on a low technological level, or projects that are non-productive or not export-oriented. In particular, we must pay attention to avoiding duplication of imports at a low level.

3. We must formulate a unified program on the basis of the one intended for the whole trade. In order to avoid blind imports and duplication of imports, a comprehensive coordination body must be set up and charged with the responsibility of formulating a national program for the utilization of foreign capital and technology imports in different trades.



On the basis of this program, an overall program, regional and departmental programs and programs for development at different stages shall be formulated. In this way, division of work among different trades and ties of regional cooperation in the process of utilization of foreign capital and technology imports can be coordinated and arranged for various departments and regions, and a rational structure of division between economic and technological work can be achieved. Meanwhile, in order to avoid the blocking of information between regions and departments, we must set up an authoritative multidirectional information network capable of fast transmission and feedback and be ready at all times to grasp the scale, structure and changing trends of the utilization of foreign capital in various regions and departments.

4. We must formulate a policy of handling each case on its own merits and providing support to the most deserving. In order to strengthen macroeconomic management and promote the opening of the country to the rest of the world, we must readjust the present policy of providing preferential treatment to the utilization of foreign capital and technology imports in a uniform way and formulate measures and policies embodying both preferential treatment and restrictions. As far as preferential policies and measures are concerned, special care must be taken in formulating measures for treating each case on its own merits and providing support to the most deserving in the light of the specific conditions of different regions, departments, trades and the projects for which foreign capital will be used. At present, what we particularly need to do is to formulate policies and measures aimed at encouraging exports and restricting imports in order to promote the earning of foreign exchange through exports.

5. We must pay attention to increasing the socio-economic benefits of the utilization of foreign capital. The success or otherwise of the diversified utilization of foreign capital shall be judged by the socio-economic benefits it has produced. In judging the social benefits of the utilization of foreign capital, we must have quantitative as well as qualitative targets. We must take into account the macroeconomic as well as microeconomic benefits, and must think of the economic as well as social results. In order to improve the socio-economic benefits of the diversified utilization of foreign capital, we must, besides paying attention to the above points, strengthen feasibility studies. Making our feasibility studies more scientific is also quite important. In view of the fact that most of the feasibility studies for projects utilizing foreign capital were undertaken by the enterprises themselves and were not very scientific or dependable for that matter, we suggest setting up a specialized and relatively independent feasibility study agency to carry out feasibility studies on projects of utilization of foreign capital and technology imports and to appraise the benefits of such projects. This agency should be given corresponding legal rights and obligations in order to ensure that its work will not be interfered with by departments and leading organs concerned.

#### 'GOOD SIGN' ASSESSED IN FOREIGN TRADE BALANCE

OW130814 Beijing XINHUA in English 0610 GMT 13 Aug 86

["Good Sign for China's Foreign Trade" -- XINHUA headline]

[Text] Beijing, August 13 (XINHUA) -- China's exports grew faster than its imports for the first half of this year, a "good beginning" for the country's effort to eliminate its foreign trade deficits, experts here said today. Although imports still exceeded exports in terms of actual value, the rate of growth for exports was 14.4 percent over the same period of last year, compared with 8.6 percent more for imports.



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Between January and June, according to statistics released by the State Statistical Bureau, exports came to 13.53 billion U.S. dollars, and imports to 19.9 billion.

Exports of most goods registered "considerable" increases during the first half of this year, the statistics indicated. One exception was oil, whose prices had a steep fall on the international market. Experts at the bureau and the Ministry of Foreign Economic Relations and Trade called it a successful first step taken by China to achieve a balanced foreign trade during the Seventh 5-Year Plan period ending in 1990.

Overall, China's imports last year climbed to 33.4 billion U.S. dollars, up 33.4 percent over 1984, while exports grew 5.7 percent, to 25.8 billion U.S. dollars.

#### FOREIGN-OWNED JOINT VENTURES ELIGIBLE FOR LOANS

OW141328 Beijing XINHUA in English 1216 GMT 14 Aug 86

[Text] Qinhuangdao, August 14 (XINHUA) -- Joint cooperatives and enterprises entirely owned by foreigners will also, like joint ventures, get loans from China. This is one of the amendments the Bank of China is now making to its provisional regulations for providing loans to joint ventures, an official of the bank told XINHUA here today. The provisional regulations promulgated in 1981 did not cover cooperatives and enterprises entirely owned by foreigners.

New types of loans will also be added, including loans provided in collaboration with other international banks, loans in the form of investment and loans that use expected profits as collateral, the official said.

The present regulations list only three types of loans, namely, self-liquidating loans, accounts receivable financing and loans for long-term investment.

The amendments will contain a new interest rate for loans, called market interest rate, which will be decided through negotiation between the creditor and borrower, in line with the international market interest rate, said the official in charge of the bank's credit issue. The present regulations stipulate that the Bank of China fixed the interest rate for loans in foreign currency with the approval of the People's Bank of China. The new regulations stipulate that a loan agreement should include clauses on credit guarantee and penalties for violations.

"We are amending the regulations in a bid to create more favorable conditions for the development of enterprises with foreign investment," the official said.

The new regulations, he said, will be put into effect as soon as they get approval from the State Council. But before promulgation, loan agreements still have to be signed according to the present regulations.

LIAOWANG ON MODERN EQUIPMENT OF PLA CORPS

HK140914 Beijing LIAOWANG in Chinese No 30, 28 Jul 86 pp 20-21

[Article by Yi Jianru and Chen Xiangan: "The PLA Engineering Corps Is on the Move"]

[Text] In the course of advancing toward modernization, the PLA Engineering Corps, which is praised as a "trailblazer", has put an end to its past career of mainly relying on picks and spades, which lasted more than half a century, and begun a new period of mechanization.

The new generation of the PLA Engineering Corps is a technical arm of the services with a comprehensive defense ability. As a technology-intensive arm, it comprises specialized units for construction of military projects, pontoon bridges, camouflage, water supplies in the battlefield, and maintenance of projects. Apart from ordinary projects, such as building roads and bridges, the corps can also use various advanced technologies to overcome and install various artificial barriers, including minefields, and to build complicated positions. With the development of weaponry, it can also adopt relevant countermeasures and provide protective means against enemy reconnaissance using visible light, infrared, and radar. The engineering corps plays an important role in our army's modernization drive.

**Iron "Hercules" Replace Picks and Spades**

After streamlining administration and reorganization, the engineering corps began to be equipped with all kinds of bulldozers, excavators, and trench diggers, in order to gradually replace picks and spades. These iron "Hercules" can build defense positions and emergency highways very quickly and help motorized troops remove obstacles on roads. Last summer, hit by rainstorms and floods, more than 20 beds and 110 sections of a road sank near the Laoshan front of Yunnan Province, and traffic was obstructed. At this critical moment, a regiment of the engineering corps rushed to repair the road with various machines and soon reopened it to traffic despite the gunfire of the Vietnamese troops.

During a military exercise, we witnessed how these machines displayed their great abilities. With a rumble of motors, we saw several military bulldozers moving on undulating hilly land. This kind of bulldozer, which is armored and equipped with flat-fire and antiaircraft machine guns, can work under enemy fire. After the bulldozers entered the antitank barrier zone, some pyramids were pulled out one by one and put aside, post obstacles and high walls were pushed down, and ditches were filled up one after another. After that, a number of loading, unloading, and road-paving machines entered the field. Very soon, two highways were built on the undulating hilly land, and then came some tanks and armored cars. It was said that the productivity of road machines possessed by the engineering corps has increased by 200 to 300 percent, compared with those of the late seventies.

While building the highways, the construction unit was also busy building defense works, a headquarters, and tank and motor vehicle bunkers. According to calculations of a relevant department, in modern warfare, in order to build a defense position for an army division, it is necessary to dig out more than 900,000 cubic meters of earth, at an average of 100 cubic meters of earth per soldier. This can be completed in 1 month through manual work. But a military excavator can dig a 130-meter trench in an hour, equal to the amount of work done by 165 soldiers.



Building the headquarters was even quicker. Soon after we saw an excavator withdraw its long earth-digging arm, a tube-shaped shelter made of toughened glass was placed in the pit, and covered by a layer of earth and stone. We entered the shelter and found that it had already been furnished with desks, chairs, lamps, and telephones.

#### Magic--Like Camouflage

At present, all countries are paying great attention to the camouflage work of their armies. As a result of great improvements in reconnaissance means, the percentages of hits, and the destructive power of weapons, "discovery means destruction." There is also a special troop in our engineering corps whose main task is to camouflage various military facilities, including headquarters, rocket launching pads, communications hubs, roads, and airports during war time, while building various false targets to confuse the enemy.

In the Engineering Corps, there is also a kind of color-camouflage vehicle. We saw some soldiers on a color-camouflage vehicle, dressed in camouflage colors and with spray guns in hand, spraying colored paint onto several armored cars and engineering vehicles. Several minutes later, the originally dark green vehicles were painted in the same colors as the surrounding environment. This kind of color-camouflage vehicle can use different-colored paint in different areas to camouflage military targets depending on different surroundings such as forest, grassland, or desert.

Among the camouflage exhibits, we saw a kind of camouflage net, which looks like whitenylon cloth. It can be used to camouflage weaponry, equipment, and fortifications in an expanse of white snow. It can deceive the enemy's "eyes" and confuse enemy reconnaissance using ultraviolet or infrared apparatus. This product won a national scientific progress award.

We also saw a "secret weapon" deployed at the position. It was called an angle reflector [jiao fan she qi 6037 0646 1410 0892] and was made of metal. These reflectors were made in different patterns, including triangular, T-shaped, and herringbone patterns. Some were as large as a tabletop, while others were as small as a chair. These green "monsters" were capable of creating false impressions. When a particular pattern of the angle reflector was deployed, the enemy would take it for a tank, a gun, a bridge, or a ferry according to radar signals. If a number of such reflectors were deployed together, the enemy might even believe that there were large numbers of tanks!

#### Wonderful Views of Demolition

Manual operations in demolition which are characterised by "sending explosive packages by man and laying mines with spades" have not already become history. A series of advanced demolition technologies have emerged, including rocket mining, machine mining, air mining, and mine-sweeping by means of rocket and machine.

The rocket mining was really magnificent. In front of us, there was some vehicle carrying more than 20 gun barrels for rocket mining. When the mining began, we heard the deafening roar of continuous gunfire and saw fiery dragons flying through the sky, blossoming into numerous flower-like parachutes thousands of meters away. Below each parachute, there was a mine. Soon the predetermined area became a minefield covered with thousands of mines. [paragraph continues]



In modern warfare, in order to intercept and destroy groups of enemy tanks, it is necessary to plant mines in such broad areas quickly and flexibly.

Then how do we deal with the minefields laid by the enemy? It is just a matter of setting one's spear against one's own shield! Our engineering corps now has a kind of mine-sweeping rocket-carrying vehicle, as great as the vehicle carrying rocket guns. In several minutes, the mine sweeping vehicle can fire dozens of mine sweeping shells, which soon turn the minefield into a mine-free area with their long tongues of fire among thick smoke and thunderous roars. It is even easier to deal with a minefield against infantry. A path can be quickly opened up by reliable mine detectors and various kinds of rocket torpedoes and mine sweepers, even in hilly or forest areas. In the demonstration, there were many new explosives. Some soldiers placed several articles as big as tea-cups in the positions before them. Very soon individual dug-outs were created after the sounds of explosions were heard. Then the soldiers jumped into the dug-outs quickly and set off oriented mines some dozens of meters away by remote control to blast five plastic figures to pieces. This new technology for rapidly building blindages and setting off oriented mines by remote control was well received by the soldiers.

People may still remember that the torpedo used by the hero Huang Jiguang to blow up an enemy blockhouse looked like a long iron bar. But now the torpedoes have been replaced by new ones, including soft torpedoes and those of both hard and soft composition. The latter can be used in combination or separately as a grenade. Soft torpedoes are easy to carry. They can be bent, coiled, or carried on the back like a sack of rice.

#### Conquer Natural Chasms

The exhibition of the bridge-building unit was a real eye-opener. On the rolling river, more than 10 assault boats were moving at full speed. Under the cover of smoke shells, an amphibious work reconnaissance vehicle, equipped with transit and laser range finder, was driven toward the crossing site. It can automatically measure the water-flow speed and depth, and draw a section chart of the river, providing all necessary figures for bridge construction.

The first bridges to be built were heavy-duty and light-duty mechanized bridges. A truck entered the work area. Through mechanized transmission equipment, the bridge body was pulled up and then unfolded and spread out like the movement of scissors. Then the bridge piers were laid. After an arch had been completed, another vehicle was driven to the bridge and, "standing" there, continued to build the bridge. The construction did not stop until the iron "arm" reached the opposite bank.

Building bridges by tank was even faster. A bridge-building tank, with a tank chassis as the main body, was driven to the river bank. It carried two folded steel bridge frames and later, with the roar of motors, unfolded and stretched out the steel beam, just like a Hercules lifting something much longer than himself. Soon there was a gigantic bridge spanning the river. We looked at our watches and found that it had only taken about 5 minutes to complete a bridge 18 meters long.

The building of band floating bridges [dai shi zhou qiao 1601 1709 5297 2890] was most attractive. Under cover of smoke shields, a bridge-building team rushed to the crossing site in spite of enemy fire. The bridge-building vehicle carried some concertina-like objects and let them slide down the hill slopes one by one to the river. In the water, these objects automatically opened and became boats. They were pushed forward by a steamship. In a few minutes they were linked together and became a long iron bridge spanning the river. Experts said that this kind of band floating bridge was once built over the roaring waves of a great river. At present, only the Soviet Union, the United States, France, West Germany, and China can build this kind of bridge.

After the bridge was built, tanks, armored cars, rocket-mining vehicles, and crawler mine-sweeping vehicles were able to cross the river steadily.

The mechanization of troops has a direct bearing on the result of a battle. Along with the development of our mechanized troops, there will certainly be an increasing demand for road and bridge-building technologies in future anti-aggression wars. The modern bridge-building technology of our engineering corps will be able to turn natural chasms into thoroughfares.

#### PLA TRADING COMPANY HOPES TO EXPAND EXPORTS

HK140242 Beijing CHINA DAILY in English 14 Aug 86 p 2

[By staff reporter Wang Xingcun]

[Text] The biggest trading company of the Chinese People's Liberation Army (PLA) hopes to expand its export business from coal to salt, animal by-products and foodstuffs.

More than 400 army-owned factories, enterprises, farms and horse-breeding farms are currently holding a joint export commodities fair at the Military Museum of the Chinese People's Revolution in Beijing, with 5,000 products on display.

Some 100 enterprises and institutions from 17 provinces and autonomous regions are also participating in the exhibition.

The united exhibition and sale of export commodities is sponsored by China Xinxing Corporation (CXXC), the biggest "comprehensive trading corporation of the army."

"The exhibition's chief aim is to carry out the directives of the State Council -- opening up the international market and trying to earn foreign exchange while contributing to the welfare of the army and the country," said Zhang Zhiqiao, general director of CXXC.

"We have concluded \$40 million worth of transactions with foreign business firms and earned \$20 million since our corporation was set up in June 1984," Zhang said.



The Army has set a \$15 million earnings goal for the corporation this year, but the Ministry of Foreign Economic Relations and Trade hopes it can bring in another \$50 million, Zhang said.

Excluding weapons factories, the Chinese army apparatus runs more than 4,000 military supply factories, farms, horse-breeding farms, mines and research institutions with a workforce of 700,000, Zhang said.

They are allowed to sell their products only to CXXC or the State commercial network, Zhang said. In most cases they prefer CXXC "because we take only a service charge."

CXXC is expected to export 1,000 tons of prawns this year; it owns a 10,000-mu (about 600 hectares) prawn farm in Zhanhua County, Shandong Province.

Two-thirds of the salt exported to Hong Kong is provided by the two-year-old corporation. It has 16 horse-breeding farms, including the Shandan Horse Farm with 360,000 hectares of grassland in Gansu Province, Zhang said.

It has many rare metal mines, Zhang noted, but added that export hopes are centered on its coal mines.

He said the corporation would welcome co-operation, joint ventures and processing services projects.

It is in charge not only of export business, but also of "imports of advanced technology and equipment as well as goods and materials needed by army enterprises and units."

"We have imported goods worth \$30 million, much of it medical instruments for some 1,000 army hospitals and equipment for factories," Zhang said, "We could have purchased more if we had the foreign exchange."

#### PROVINCIAL LEADERS WRITE INSCRIPTIONS FOR ALBUM

SK150534 Jinan Shandong Provincial Service in Mandarin 2200 GMT 14 Aug 86

[Text] A photograph album named "The Motherland and the War History Are in My Heart," was published recently.

This photograph album truly records glorious military successes during the defensive war in Laoshan, and in many ways reflect the activities to keep the motherland and war history in mind carried out by various localities throughout the country. This album is also of precious value for its plentiful historical data.

Zhang Aiping, minister of national defense, selected the name of the album. Yang Dezhi, chief of General Staff; Hong Xuezhi, director of the General Logistics Department; Li Changan, governor, separately wrote inscriptions for it.



FANG YI MEETS U.S. SCIENCE TALENT SEARCH WINNERS

OW131150 Beijing XINHUA in English 1136 GMT 13 Aug 86

[Text] Beijing, August 13 (XINHUA) -- Chinese State Councillor Fang Yi met here this afternoon with a delegation of Westinghouse Science Talent Search winners from the United States led by C.P. Sobelman, president of the foundation of American-Chinese Cultural Exchanges. The science talent search, set up by the Westinghouse Electric Company, is aimed to encourage the U.S. middle school students to engage in scientific researches. The delegation includes two members who, both 17, are this year's two best winners of the Westinghouse Science Talent Search. Liu Yandong, president of the All-China Youth Federation, was present on the occasion. The delegation has come to visit China as guests of the All-China Youth Federation.

SONG JIAN ADDRESSES BEIJING CYBERNETICS MEETING

OW141205 Beijing XINHUA Domestic Service in Chinese 1311 GMT 12 Aug 86

[By correspondent Zhou Ping]

[Text] Beijing, 12 Aug (XINHUA) -- The 1986 academic symposium sponsored by the International Federation of Cybernetics to discuss cybernetic science and technology and their social applications began in Beijing today.

Speaking at the opening ceremony today, Song Jian, state councillor and minister in charge of the State Scientific and Technological Commission, said: Universally acknowledged successes have been achieved in the area of cybernetic science and technology. Not only have cybernetic principles, theories, methods, and technology achieved enormous successes in the field of engineering, they have also contributed to achieving remarkable results in sociological, economic, ecological, economic and demographic studies.

Song Jian, a systems engineering expert, pointed out: With the development of science and technology -- especially the development of computer science and technology -- during the past 50 years, cybernetics has demonstrated enormous potential and broad prospects in various departments. That is why an increasing number of scientists, sociologists, economists, ecologists, biologists, and philosophers have been attracted by cybernetics to jointly develop new theories and new disciplines.

He said that the present academic meeting provides an excellent and valuable opportunity for exchanging the encouraging results accomplished in cybernetic research and application. He believed that the meeting will significantly contribute to the development of cybernetic science and technology, which he described as a field of increasing importance.

A total of 81 scientists from 11 countries are attending the meeting. During the 4-day session, they will exchange academic views as well as report on the results of their research.

HU YAOBANG MEETS HEBEI STUDY SESSION CADRES

OW122148 Beijing XINHUA Domestic Service in Chinese 1324 GMT 12 Aug 86

[By reporter Tan Feng]

[Text] Shijiazhuang, 12 Aug (XINHUA) -- The Hebei Provincial CPC Committee sponsored a study session [xue xi hui 1331 5045 2585] in Chengdu from 15 July through 12 August for middle-aged and young cadres of prefectural: - and county-level leading groups in an effort to improve their leadership through studying how to creatively implement the Central Committee's policies and correctly handle inner-party problems. A total of 18 prefectural and municipal party committee secretaries attended the study session. During an audience with these cadres on 20 July, Hu Yaobang, general secretary of the CPC Central Committee, pointed out that after a certain period of work, it was a good idea for them to spend some time on study and on researching some issues.

When Hu Yaobang inspected Yi County in Hebei last April, he told the middle-aged and young cadres of leading groups at all levels that in order to be more capable of handling actual problems, they should creatively implement the Central Committee's policies and correctly handle inner-party problems. Based on this requirement, the Hebei Provincial CPC Committee selected a number of relevant Marxist-Leninist works and articles by Comrade Mao Zedong as well as some documents published by the Central Committee and invited some comrades with rich practical experience and theoretical knowledge to teach them. In the course of the session, the cadres supplemented their reading, which was the main project, with discussion and exchanging experiences.

During the study session, which lasted nearly 1 month, the secretaries of prefectural, municipal, city, and county party committees earnestly studied the documents and discussed their experiences and views without any inhibitions. The study session proceeded from beginning to end in a lively manner. The study made the cadres realize the importance of knowing how to creatively implement the principles and policies of the Central Committee and how to correctly handle inner-party problems. Some comrades commented: While it is necessary to adhere to the Central Committee's cardinal principles in shouldering the burden of this age, it does not necessarily mean that every clause must be rigidly followed; one should have the courage to be realistic and work creatively in accordance with actual local situations; instead of following rules mechanizally or taking short-cuts, one should have a strong sense of responsibility in devotion to the four modernizations, work hard, conduct in-depth investigation, and dare to bring up new ideas. They also pledged to assiduously study theories about dialectical materialism, and to be more conscious of the need to constantly explore new ways to do a better job. They also put forward many good proposals regarding how to correctly handle inner-party problems and discussed how to carry out ideological and political work to facilitate the implementation of the party's central projects. Xing Chongzhi, secretary of the Hebei Provincial CPC Committee, chaired the study session.

VICE PREMIER WAN LI VIEWS XINJIANG ROPEDANCING

OW121511 Beijing XINHUA Domestic Service in Chinese 0702 GMT 12 Aug 86

[Excerpts] Urumqi, 12 Aug (XINHUA) -- On the afternoon of 11 August, a Uygur girl dressed in national costume was ropedancing at the Nanmen Stadium. [passage omitted]



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After the performance, Wan Li, vice premier of the State Council, drew the girl to his side and, sizing up the bowls she had carried on her head, told her cordially: "It was not easy. Your performance was a success." The girl smiled cheerfully.

QIAN ZHENGYING ADDRESSES POWER PLANT SYMPOSIUM

OW141156 Beijing XINHUA in English 1136 GMT 14 Aug 86

[Text] Beijing, August 14 (XINHUA) -- Eighty-five foreign specialists and scholars and their 123 Chinese counterparts are now discussing their research findings and development activities in applying them to various aspects of power system and of power plant control at a symposium now in session here.

Altogether 104 papers were presented to the symposium for consideration by participants from 18 countries and regions. These papers also include ones by specialists of some countries who have not yet arrived because of various reasons.

The papers cover power plant control, safety analysis, control center design, microcomputer systems, optimal power flows and voltage control, etc.

The symposium is sponsored by the Application Committee of the International Federation of Automatic Control (IFAC) and organized by the Chinese Society of Electrical Engineering and the Chinese Association of Automation.

Addressing the symposium, Chinese Minister of Water Resources and Electric Power Qian Zhengying said that the past few years had seen a fast growth of her country's power industry with the national total installed generating capacity reaching 87,000 mw by the end of 1985. And China's 1985 power output was 410.6 billion kwh. China now has seven large power grids and four of them have an installed generating capacity of more than 10,000 mw each.

By the end of the century, she said, there will be a greater growth for the industry and a nation-wide integrated power grid will be gradually established.

"To ensure a safety operation and an optimal power flow of such a large power grid, efforts must be made to solve the technical problems in terms of automatic control," she said. The minister expressed the belief that the symposium would be helpful to China in this regard.

"The automation of a power system and of power plants will result in an economic, reliable and high quality electric power service," Dr. Tomas Dy Liacco, chairman of the IFAC working group on electric power systems, told XINHUA.

Furthermore, the internationally well-known specialist on automation added, with the automation it would be possible to realize savings in investment costs by deferring the installation of some additional electrical equipment through a more efficient utilization of existing equipment.

The international symposium on power systems and power plant control which began Tuesday is scheduled to end here Friday.



ANHUI'S WANG YUZHAO ADDRESSES ECONOMIC MEETING

OW141031 Hefei ANHUI RIBAO in Chinese 31 Jul 86 pp 1, 3

[Text] The provincial people's government held a provincial meeting of commissioners and mayors in Hefei 25-28 July to transmit and implement the guidelines of the national meeting of commissioners and mayors. The meeting, presided over by governor Wang Yuzhao, focused on analyzing Anhui's economic situation in the first half of this year and on planning economic work for the remaining 6 months. Attending the meeting were Li Guixian, Shi Junjie, Lu Rongjing, Xu Leyi, Meng Fulin, Hou Yong, Ying Yiquan, Zhang Dawei, Shao Ming, Yang Jike, Wang Houhong, Song Ming, Zheng Jiaqi, Li Jixiang, and Yang Zhenyi, responsible comrades of the Anhui Provincial CPC Committee, the provincial Advisory Commission, the provincial People's Congress Standing Committee, the provincial government, the provincial CPPCC Committee, and the provincial party committee's Discipline Inspection Commission. Also attending the meeting were commissioners of various administrative offices; mayors of cities under provincial jurisdiction; chairmen of economic and planning commissions and directors of labor bureaus of prefectures and cities under provincial jurisdiction; and responsible comrades of various commissions, general offices, departments, and bureaus concerned directly under provincial authority and of various enterprises directly under state authority in Anhui. Vice governors Zhang Dawei and Shao Ming spoke, and governor Wang Yuzhao delivered a summing-up report at the meeting.

In his summing-up report, Governor Wang Yuzhao said: The overall economic situation in the first half of this year was fine. Summer crop harvests were better than expected and autumn crops are growing well. Financial revenues grew along with overall economic development. Export growth exceeded the average national level, and commodity market prices were generally stable. However, there was a decline in industrial economic efficiency, while excessive growth was registered in financial expenditures. Some localities were stricken by disasters. All this should draw the attention of leaders at all levels. It is now necessary to seize the opportune time to do a good job in consolidating the various reform measures, make proper arrangements for industrial and agricultural production in the latter half of the year, create an excellent situation, and develop a fine economic climate for next year's reform.

After reviewing the situation in Anhui since the launching of rural reform, Governor Wang called for upgrading agriculture to a new state in the future. For that purpose, he urged all localities to do a good job in the following tasks:

1. Concentrate on grain production and conversion. On the one hand, it is necessary to stabilize grain acreage, increase per-unit area yield, restructure production and crop patterns in a reasonable fashion and in accordance with local conditions, continue to implement and perfect the various economic policies, enrich the economic substance of grain procurement contracts, and support peasants in developing grain production. On the other hand, efforts should be made to convert grain into nutritious food through industrial means, convert grain into animal protein through the development of animal husbandry and aquatic production and breeding, and convert grain from a raw material into industrial and medical products through scientific and technological means.
2. Vigorously develop village and town enterprises and a diversified economy. The source of strength for the development of village and town enterprises lies in the myriads of households. [paragraph continues]

It is necessary to persist in vigorously developing household-run and joint household-run enterprises, to develop household industry, and to promote the production of single products by villages and the production of single or several products by townships. Efforts should be made to develop a large number of specialized villages and townships (towns) so as to rapidly form a multitude of large-scale specialized complexes and small economic zones, each with its own traits and specialized fields. Attention should be paid to key enterprises run by districts, townships (towns), and villages, and efforts should be made to inspire large numbers of households. Those party members and cadres who can inspire a large number of peasant households to achieve prosperity through labor and with the support of well-off people are good party members and cadres worth commending vigorously. All localities should give strong support to the development of village and town enterprises, to specialized households, to large specialized households, and to the various peasant-entrepreneurs, and after conducting investigation and study, hold seminars of peasant-entrepreneurs and large specialized households in order to commend their advanced deeds and let them exchange prosperity. It is necessary to energetically promote the implementation of "spark projects," and help village and town enterprises improve their technological level, develop new products, and upgrade product quality. At the same time, it is essential to develop all kinds of trades, including farming, aquatic breeding, processing, and service trades. Special attention should be paid to the development of a courtyard economy [jing yuan jing ji 1656 7108 4842 3444].

3. Vigorously develop rural specialized markets and create favorable conditions for peasants to embark on commodity circulation. Peasants should be not only masters of agricultural production but also masters of rural commodity circulation. It is necessary to step up leadership over and provide good services for the burgeoning rural specialized markets. Continuous efforts should be made to step up the building of small cities and towns in the countryside into links for rural industrial bases, commodity distribution centers, and economic and cultural centers, as well as for urban and rural areas. With the widespread small rural cities and towns serving as links and bridges, the central cities should extend their multiple functions to surrounding areas so as to expedite the process of integrating urban and rural areas.

4. Increase investment in agriculture. Investment in water conservancy projects should be restored to the 1980 level as soon as possible, and vigorous efforts should be made to organize people to repair basic agricultural facilities in bad repair. At the same time it is necessary to promote the accumulation of funds for labor employment. The masses should be mobilized to undertake water conservancy projects in a big way every winter.

5. Introduce and popularize advanced agricultural science and technology. While continuing to popularize cropping techniques, vigorous efforts should be made to breed and popularize improved varieties of wheat and rice; improve techniques for planting cotton, oil-bearing crops, edible fungus, fruit trees, and other cash crops; and improve techniques for processing aquatic as well as farm and sideline products in order to achieve better economic results.

On industrial production in the second half of this year, Governor Wang stressed both growth rate and economic results. It is necessary to achieve a growth rate that is above the country's average; at the same time, first priority should be given to achieving better economic results. For this purpose, it is essential to readjust the product mix and to increase the output of marketable products. In the supply of energy and raw and semifinished materials, priority should be given to enterprises with better economic results. [paragraph continues]



Attention should be paid to creating a favorable environment for enterprise operations. In the second half of the year, an inspection should be made in all localities for the following four purposes: 1) To check on the delegation of power to enterprises; 2) to check on the burdens borne by enterprises; 3) to check on product quality; and 4) to check on the reorganization of companies of an administrative nature.

Governor Wang said: In developing a commodity economy, it is necessary to pay attention to commodity circulation, to build a market system, and to have a clear understanding of value, market, competition, efficiency, and economic results. He called for efforts to promote commodity circulation by doing the work well in the following several aspects: First, efforts should be made to unclog channels between town and country and to transport industrial products to the countryside. It is necessary to try in every possible way to ship middle- and low-grade goods that have saturated cities and towns to rural areas where there is a great demand for such goods. Correct guidance should be provided for consumption, and higher prices should be allowed for better-quality goods. There should be a reasonable price difference between high- and low-grade goods. In addition, there should be a difference between wholesale and retail prices as well as regional and seasonal price differences. To do business well, prices should be allowed to fluctuate to a certain extent. Second, vigorous efforts should be made to purchase farm and sideline products, and banks should guarantee that there are adequate funds for such purchases. In the busy purchasing season, the number of purchasing stations should be increased, and their service should be improved. Third, efforts should be made to increase the number of salesmen. It is necessary to ensure that procurers and salesmen of state and collective enterprises have sufficient funds to carry out normal operations. A contract system may be instituted to promote the sale of goods, and rewards may be given to those who are skillful in promoting the sale of goods that are difficult to sell. State and collective enterprises may engage or commission individuals as their procurement or marketing agents. Such individual procurement and marketing agents should be so called. In a socialist economy, their business is as legal as that of those engaged in farming, commerce, transport service, and other specialized work; they play the role of bridge between production and consumption. In all localities, attention should be paid to developing the ranks of procurers and salesmen, protecting their legitimate rights and interests, and bringing their positive role into full play.

Governor Wang also expressed some views on and set some requirements for effectively carrying out the reform of the labor system, continuing the system responsibility of factory directors, striking a balance between this year's revenue and expenditure with some surplus, making flexible use of funds, making proper arrangements for the livelihood of the masses in disaster areas, helping poverty-stricken areas bring about improvement, arranging the supply of vegetables and other nonstaple foodstuffs for city residents, and improving the living standards of people living in urban and rural areas. In conclusion, Governor Wang stressed: our tasks for the second half of this year as well as the reform tasks have been defined. What we should do now is to carry them out. The leaders at various levels should overcome bureaucracy, improve their workstyle, go to basic units to help them solve practical problems, provide good services, and strive to win the first battle in the Seventh 5-Year Plan.



ANHUI COURT OFFICIALS MEETING SETS GOALS

OW140631 Hefei Anhui Provincial Service in Mandarin 1000 GMT 12 Aug 86

[Text] A provincial meeting of presidents of prefectural and city intermediate courts and criminal appeals courts was held in Hefei 5-9 August. The meeting called on courts at all levels in the province to basically complete within a year the review of appeals concerning counterrevolutionary and other political cases handled before the Cultural Revolution; and properly settle problems left over from the review of criminal cases handled during the Cultural Revolution, and those leftover from implementing united front policies. The meeting pointed out that, in reviewing cases left over from history, courts at all levels should correctly follow the party's policies and observe the law of the state, do a good review with high political awareness, carry out the party's policies in a down-to-earth manner, further improve case-handling and work method, and strive to raise work quality and efficiency, in order to ensure that policies on legal case handling are properly carried out before the holding of the 13th party congress.

TIANJIN MAYOR URGES BETTER ART, LITERATURE

OW141350 Beijing XINHUA Domestic Service in Chinese 0146 GMT 14 Aug 86

[Excerpts] Tianjin, 14 Aug (XINHUA) -- Speaking of a current problem concerning literary and art works in his municipality, Tianjin Mayor Li Ruihuan said: In the final analysis, literature and art are things that belong to the people. Producing something the masses like is the starting point for the creation of literary and art works. Whether literary and art works are liked by the masses is the ultimate test determine whether literature and art are serving the people. The present problem is not that "our works are too highbrow to be popular," but it is that "they are so crude that only few people enjoy them."

Li Ruihuan said: While continuing to raise the people's material living standards, we must provide them with more spiritual nourishment, establish in the whole society a civilized, healthy, and scientific lifestyle suited to the development of modern productive forces and the needs of social progress, and discard what is backward and ignorant. It is a law that when people become better off, they start thinking of literature and music. Now our people live and work in peace and contentment and have a wide-ranging interest in all kinds of pastimes. In addition, television and other mass media are now widely popular. All this has broadened to a great extent the horizons of the masses. With regard to literary and art works, they impose higher and higher demands and are increasingly selective. They insist that literary and art works not only open their minds but also give them artistic and esthetic enjoyment. In this regard, what we have done is far from sufficient. [passage omitted] Literary and art workers in Tianjin should take note of this problem and think seriously about what they should do. If we are indifferent and turn a blind eye to the earnest desire of the masses, then their response to our literary and art works will be a cool one. With regard to this matter, I "appealed for the people" once again, requesting that more "highbrow and popular" works be produced.

As a literary and art enthusiast, Li Ruihuan attended a forum on the creation of literary and art works in Tianjin. [passage omitted]

SHENZHEN MAYOR VIEWS HEALTHY DEVELOPMENT OF SEZ

OW141312 Beijing XINHUA in English 1221 GMT 14 Aug 86

[Excerpts] Shenzhen, August 14 (XINHUA) — The Shenzhen Special Economic Zone (SEZ) has tided over a difficult period and embarked on a stable, consistent, coordinated and healthy development, Mayor Li Hao said here today. [passage omitted]

Li Hao said the overextended capital construction in the SEZ had been brought under control, with investment structure readjusted. During the first six months of this year, 36.8 percent of the investment, or 4.2 percent more than last year, was used to build manufacturing and communications facilities. The period generated 1.446 billion yuan in industrial output, or nearly half of the year's total, showing a 13.1 percent increase over the same period of last year. The value of manufactured goods exports accounted for 40.8 percent, as against 30.4 percent in the same period of last year. The value of export commodities totalled 319.97 million yuan, a 24.4 percent increase. Progress has also been made in agricultural, vegetables, fruits, poultry and aquatic production.

Li Hao said the Shenzhen Special Economic Zone used 149 million U.S. dollars of foreign capital during the first six months, 11.3 percent more than in the same period of last year. The SEZ revenue reached 396 million yuan, a 5.4 percent increase. The zone has paid off 96.93 million yuan of bank loans. [passage omitted] The difficult period is over and the future is encouraging, the mayor declared. He said the zone will use two billion yuan for capital construction this year.

HENAN MINING BUREAU RECTIFIES PARTY WORK

HK121240 Zhengzhou Henan Provincial Service in Mandarin 2200 GMT 1 Aug 86

[Excerpts] According to HENAN RIBAO, the Pingdingshan Mining Bureau achieved good results in implementing a comprehensive responsibility system for correcting party style. The Ministry of Coal Industry recently held a national conference at the bureau on discipline inspection work in the industry, so as to popularize experience.

In the past, the bureau handled party style work in the same way as a fire brigade does, only going places where problems are. Consequently, problems could not be thoroughly dealt with even though the party committee and discipline inspection commission were busily engaged in the work. After an in-depth investigation by the bureau CPC Committee, it was found that the situation developed because party style work was only carried out among the discipline inspection departments. There were no clear distinctions in responsibilities and no perfect system of rewards and penalties.

Following the investigation, the bureau CPC Committee worked out a comprehensive responsibility system for correcting party style. In the system, each level is assigned responsibilities and there are different tasks for different departments. [passage omitted] Therefore, it has formed a supervisory network through which the bureau can promptly discover and correct problems. [passage omitted]



CHENGDU PLA IMPLEMENTS 'EIGHT PROHIBITIONS'

HK150135 Chengdu Sichuan Provincial Service in Mandarin 2200 GMT 14 Aug 86

[Excerpts] The Chengdu Military Region is distributing 20,000 copies of material on the 8 prohibitions to basic-level units, and is taking steps to urge the organs and the basic-level units to implement them. These eight prohibitions were proposed to the Army by Yu Qiuli, director of the General Political Department. [passage omitted]

The Chengdu Military Region CPC Committee has taken a firm stand and a clear-cut attitude regarding the implementation of the eight prohibitions. Leaders such as Wan Haifeng and Fu Quanyou have organized the cadres to seriously discuss them and to formulate specific measures for implementing them. They have called on all units to strictly implement the eight prohibitions. [passage omitted]

The Chengdu Military Region has also dealt with a few cadres who have seriously violated the provisions of the eight prohibitions.

SICHUAN HOLDS CONFERENCE ON FIGHTING DROUGHT

HK141559 Chengdu Sichuan Provincial Service in Mandarin 2200 GMT 12 Aug 86

[Excerpt] According to SICHUAN RIBAO, from 10 to 11 August in Mianyang, the provincial government held an urgent conference on fighting drought. It was attended by leaders from 9 prefectures and cities, namely, Mianyang, Chengdu, Guangyuan, Nanchong, Deyang, Leshan, Peiling, Daxian, and Neijiang; comrades from 16 counties in northwestern Sichuan, which was severely hit by drought; and responsible comrades of the relevant provincial departments and bureaus. The conference demanded that areas severely hit by drought have a clear understanding about the situation, strengthen their confidence, enhance their vigor, formulate new measures, and try every conceivable means to win new victories in the anti-drought struggle.

Jiang Minkuan, deputy secretary of the provincial CPC Committee and governor, attended the conference and spoke. Xie Zhijie, Standing Committee member of the provincial CPC Committee and vice governor, presided over the conference and made a summation.

The weather has been unusual in the province since the beginning of this year. Hit by low temperatures, spring cold, summer cold, hailstones, rainstorms, and floods, agricultural production has been carried out under extremely difficult conditions. In some areas, all ponds, reservoirs, and rivers are dry. Not only is there no water to save crops, but human beings and animals have very little water to drink.

The provincial government demanded that party members and cadres enhance vigor, have a strong sense of responsibility to the party and people, and organize and mobilize the masses to develop production to surmount the drought.

At present, in areas severely hit by drought, rural work must be subordinate to fighting drought and providing relief, which must be treated as the central task and grasped firmly. Prefectural, city, and county leading comrades must go deep into the grass roots to conduct research and investigation and must send a great number of cadres to the first line to mobilize the masses and implement the measures for fighting drought, providing relief, and increasing production. [passage omitted]



SICHUAN MAYOR OUTLINES DEVELOPMENT PLANS

HK150133 Chengdu Sichuan Provincial Service in Mandarin 2200 GMT 14 Aug 86

[Excerpts] Luzhou City Mayor (Liu Yiren) gave a press briefing in Chengdu on 14 August to introduce the city's economic development in recent years and its future prospects. [passage omitted]

He said: In recent years the city has established three main pillars of its economy -- well-known wines, chemical industry, and machine-building. However, the city's economy is still rather backward. In order to speed up development, Luzhou City has formulated a comprehensive plan covering the years 1985 to 2000. This came into effect after being officially approved by the provincial government on 13 August.

According to the demands of the plan, by 2000, Luzhou City will be built into an important waterway transport and an important base of energy, heavy industry, and the chemical industry. We hope therefore to gain vigorous support from various sectors.

SICHUAN COMMENDS ADVANCED IN FAMILY PLANNING

HK141557 Chengdu Sichuan Provincial Service in Mandarin 0930 GMT 12 Aug 86

[Text] During the Sixth 5-Year Plan, scientific research personnel in the province made great achievements in research on contraceptives, birth control technology, and eugenics. Some 16 items, 8 units, and about 50 individuals were commended and awarded by the State Family Planning Committee.

At a provincial conference on family planning work held yesterday evening, leading comrades of the provincial CPC Committee, the provincial government, and the provincial People's Congress Standing Committee Yang Rudai, Gu Jingchi, Huang Qichao, Liu Haiquan and Liu Yunbo awarded citations to units and individuals that won national prizes in scientific research on family planning. They also called on scientific and technological personnel engaged in family planning work in the province to actively promote and apply the achieved scientific research results, to give full play to their social benefits and economic effects, and to promote in-depth development of family planning work.

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HEBEI SELF-EMPLOYED TAKE PROFESSIONAL ETHICS CLASS

OW141714 Beijing XINHUA in English 1513 GMT 14 Aug 86

[Text] Shijiazhuang, August 14 (XINHUA) — More than 39,000 self-employed persons in Qinhuangdao City, Hebei Province, were recently awarded certificates after passing an examination on professional ethics.

This training program was launched by the authorities of the city last winter in a bid to improve the quality of their service, a local official said. Those trained were given lectures on the legal system, taxation, industry and commerce, hygiene and management. Before the training, the official said, a considerable number of the self-employed were ignorant of the tax rules and regulations for industry and commerce and the hygiene law. The official said that many self-employed people had paid the taxes they had dodged after the training and many of them have taken an active part in running public welfare undertakings and helping the poor.

LI LIGONG DISCUSSES SHANXI MILITIA REFORM

HK140923 Taiyuan SHANXI RIBAO in Chinese 28 Jul 86 p 1

["Excerpts" from a speech delivered by Li Ligong at a provincial meeting to exchange experience in reform of militia and reserve service work -- date not given]

[Text] Since the transmission of the Central Document No 22 for 1985, government and party organizations and Army units at all levels in the province have conscientiously studied and widely publicized it, and paid close attention to its implementation, thus achieving tangible results. The main purpose of this meeting is to sum up and exchange experience in the reform of the province's militia and reserve service work and to discuss and revise its "3-Year Plan for the Militia and Reserve Service Work." The present meeting is a great success, with all the projected objectives being attained.

Now I will speak on three points.

1. Adhere to the correct orientation of the building of reserve forces in the new period and do militia and reserve service work well, always bearing the building of the two civilizations in mind.

Central Document No 22 is a correct policy decision made by the CPC Central Committee, the State Council, and the Central Military Commission on the building of the militia and reserve forces in the new period in light of the international and domestic situation and from an overall viewpoint. The basic gist of the document is to subordinate the building of the militia and reserve forces to the general interest of economic construction and to thoroughly strengthen the building of reserve forces. This is the basic guiding ideology for the militia and reserve service work at present and for a certain period of time to come. It reflects our country's national condition and indicates that, as is the case with Army building, a strategic change has been brought about in the guiding ideology for the country's building of reserve forces, a change from the state of combat readiness for fighting an early and big war to peaceful construction. Therefore, militia and reserve service activities must be carried out centering on economic construction, and the role of the militia in building the two civilizations must be fully exploited. This is the correct orientation which we must persistently adhere to.



Then how should we adhere to this correct orientation in our practical work?

First, it is necessary to make all-round arrangements for the militia and reserve service work, centering around economic construction. Over the last 6 months or more, during the execution of the reform in the militia and reserve service work, the province has conscientiously put an end to the previous phenomenon in which "the targets were too high and the activities a bit too excessive, and too much stress was laid on quick results." Consequently, the militia and reserve service work is in a better position to serve the general interest of economic construction. This move has won the support and positive response of leaders at various levels and the broad masses of people. Practice has proved that only when militia and reserve service activities are carried out strictly in line with economic construction can it have unrestrictedly broad prospects.

Second, it is essential to fully exploit the role of the militia as a mainstay in leading the building of the two civilizations. By subordinating militia and reserve service activities to the general interests of state economic construction, we mean mobilizing and organizing the broad masses of militiamen to contribute to the state's economic construction and Shanxi's economic take off. In the last few years, under the leadership of party committees and government and military departments at all levels, the broad masses of militiamen have taken the lead in implementing the party's get-rich policy and becoming better off through hard work and the use of science. Hence, there are now a considerable number of specialized households, households doing specialized jobs, and economic combines. They have also played a positive role in rushing to deal with emergencies and to provide disaster relief, maintaining public order, and in building civilized units. All this has fully indicated that the militia and reserve forces play a role not only in wartime but they are also an important force in building and safeguarding the four modernizations in the period of peaceful construction. Therefore, we must unremittingly carry out the work of organizing and mobilizing the militia to contribute to the building of the two civilizations as a long-term important task.

Here I want to stress that while organizing and mobilizing the militia to carry out the building of material civilization, we should also pay attention to the building of spiritual civilization. Party committees and government and military departments at all levels should make every efforts to educate militiamen properly in the party's line, principles, and policies, ideals, and in the legal system along with educating all the people and training the vast numbers of militiamen to become people who have lofty ideals, moral integrity, education, and a sense of discipline so that they can contribute more in bringing about a change for the better in social conduct and successfully carrying out the building of spiritual civilization.

2. Adhere to a realistic spirit and creative work and carry out the militia and reserve service work in depth in the course of reform.



At present all trades and industries are moving forward with reform. Militia and reserve service activities should closely keep pace with the reform. We made some initial achievements in our militia and reserve service work in the preceding stage. They are the result of adhering to reform. Continued exploratory efforts are still needed in this regard.

Among other things, it is necessary to further foster the idea of reform and creative work. We must understand that only when we adhere to creative work while assuming legacies and forge ahead in the execution of reform can the glorious traditions of the militia be carried forward and can its status and role in the new period be raised. The situation requires us to overcome the mentality of "waiting for" and "relying on" others, to actively conduct reforms, to boldly explore, and to take our own road of reform in the light of actual conditions.

Next, we must have a clear picture of the direction of reform, stress practical results, and refrain from concentrating on flourishes. In my opinion, in reforming militia and reserve service work, two objectives must be attained. One is that the work must adapt itself to the new situation in the economic structural reform and the other is that it must adapt itself to the strategic change in the guiding ideology for the building of national defense reserve forces. To achieve the "two adaptations," it is necessary to make an overall plan and constant explorations and to proceed with the reform in an orderly way and step by step. The reform of the militia and reserve service work is a long-term, gigantic project being undertaken along with the reforms in the economic structure and other fields of endeavor. Therefore, we must foster the idea of uninterrupted reform. We must carry out reforms firmly where we are sure of success and constantly perfect and develop in practice what we have achieved in the reforms. For instance, with the introduction of contracted responsibilities on the household basis, with payment linked to output, some localities and units boldly sought and discovered some effective solutions on the basis of summing up experience to topics posed by the new methods of production and management to the militia and reserve service work, thus enabling the work to correspond to the methods of economic management at that time. However, with the development of the commodity economy, there are now specialized households, households doing specialized jobs, and economic combines in the rural areas. The form and contents of activities of the militia and reserve service in the early days of the introduction of the responsibility system failed to correspond to the changed situation and thus they called for further reforms. Things are always in a process of constant change. Therefore, our understanding of things should not be immutable. A reform cannot be completed at one go. As the economic structure develops, we should make constant and extensive explorations. Leaders at various levels should have this exploratory spirit and contribute to ensuring the sound reform of the militia and reserve service work and strengthening the building of national defense reserve forces in the new period.

3. Adhere to the system of division of work with individual responsibility under the leadership of the party committee and straighten things out in the relationship of dual leadership. In the first half of this year, the province conscientiously implemented the spirit of Central Document No 5 and satisfactorily fulfilled the task of turning over the People's Armed Forces department to local establishments. [paragraph continues]

After the reorganization of the People's Armed Forces department, a great deal of attention was given to the groundwork so that the department could adapt itself to the change as quick as possible, harmonize various relations, and put the work in various fields on the right track. However, since the People's Armed Forces department was just recently turned over to local establishments and the new structure is just in a process of being perfected, there are likely to be unexpected problems. Therefore, we should make continued efforts to perfect it by summing up experience continuously. In view of the new developments of the People's Armed Forces Department after it was turned over to local establishments, I would like to discuss two issues that merit attention.

First, it is imperative to adhere to the system of division of work with individual responsibility under the leadership of the party committee and to do a better job of the militia and reserve service work. With the reorganization of the People's Armed Forces Department, the leadership system has undergone changes. The local party committees and government's task of leading the militia work has become heavier and the responsibilities that they shoulder greater. All county (city or prefectural) party committees must proceed from their own conditions, share out the work properly, and have people put in charge of the work. Party committees and governments should genuinely treat the People's Armed Forces Department as an important department under their leadership. They should supervise, check, and study its work at regular intervals in accordance with the plan of the higher military department.

Second, to meet the needs of the changed relationship of subordination, the leading role of the provincial Military District and subdistricts should be fully exploited. After the People's Armed Forces Department was turned over to local establishments, the responsibility of the provincial Military District and subdistricts for the militia and reserve service work has not become any lighter. They should strengthen leadership and do the work in a careful and satisfactory way as before. They should never think that they can slacken their efforts now that the People's Armed Forces Department has been turned over to local establishments. Instead they should go ahead boldly with the work with sound leadership. The People's Armed Forces Department should continue regarding the provincial Military District and subdistricts as its leading organs in their vocational work and take the initiative in asking them for instructions, reporting their work to them, and receiving orders from them.

Exercising dual leadership over the People's Armed Forces Department is aimed at strengthening the militia and reserve service work. The People's Armed Forces departments of all countries should actively carry out their work, strengthen unity, and under the leadership of local party committees and higher military departments, work hard to create a new situation in their work.



JILIN LEADERS HEAR BRIEFINGS ON ANTIFLOOD FIGHT

SK150530 Changchun Jilin Provincial Service in Mandarin 2100 GMT 14 Aug 86

[Text] On the afternoon of 14 August, leading comrades of the provincial party committee and government heard briefings given by the provincial Military District on its experience in participating in the antiflood and rescue work, and thanked the commanders and fighters of the PLA units and the broad masses of militia for their contributions to the antiflood and rescue fight.

Since the beginning of the flood season, various units subordinate to the provincial military district have established close cooperation with the cadres and masses of various localities and have fought side by side with them. They appeared everywhere a dangerous situation emerged.

While (Zhao Zaikang), deputy commander of the provincial Military District, touched on the efforts of commanders and fighters to overcome numerous difficulties and to persist in the fight, leading comrades present on the occasion, including Gao Di, Gao Dezhan, Wang Zhongyu and Wang Jinshan, each praised in turn the lofty spirit of the PLA units, the rescue army forces, and the broad masses of militiamen.

Leading comrades of the provincial Military District expressed determination to continuously work hard, to go all out, and not stop until they win complete success in the anti-disaster fight.

Comrade Gao Di thanked the commanders and fighters of various units subordinate to the provincial Military District on behalf of the provincial party committee and government. He hoped that the soldiers and civilians would go forward hand in hand and win complete success in the anti-disaster fight.

Deputy Commander (Zhou Zaikang) presented donations, including clothing and other materials, to the masses in the disaster areas on behalf of the broad masses of commanders and fighters of the provincial Military District.

LIAONING PROVINCIAL LEADERS INSPECT POOR AREAS

OW141217 Beijing XINHUA Domestic Service in Chinese 0033 GMT 12 Aug 86

[By reporter Wang Fujie]

[Excerpts] Shenyang, 12 Aug (XINHUA) — Liaoning provincial government and party leaders recently led a group of responsible officials from the departments of planning, finance, agriculture and forestry, sciences and technology, and education to Chaoyan and Fuxin Prefectures in western Liaoning to work on the spot. While there, they discussed measures to get rid of poverty and to enliven the economy of the areas vis-a-vis the grass-roots cadres in an effort to solve specific problems in those areas immediately. [passage omitted]

The State Council has declared Chaoyang City one of the 10 poorest areas of the nation. In the past, some of the cadres in this region were very impatient and proposed building some more large industrial projects to shake off poverty through the profits made from urban enterprises. At the on-the-spot work meeting, the provincial leading comrades pointed out: Within the boundaries of Chaoyang Prefecture, there are two mountain ranges and five river systems.



These mountains and rivers not only are abundant with natural resources, but also play an important role in protecting the ecological environment of the province. In addition, Chaoyang Prefecture also has favorable conditions for the development of animal husbandry and oil-bearing crops and abounds in mineral resources. Therefore, in order to develop its economy, Chaoyang Prefecture should proceed from actual conditions, should promote the good points and discard the bad, and should bring the role of its advantages into full play. In accordance with these guiding principles, all of the meeting participants discussed and mapped out the policies for the development of Chaoyang: Harnessing mountains and rivers, improving the ecological environment, accelerating the exploitation of resources in mountainous areas, developing animal husbandry in the area, and at the same time, enlivening urban and rural economy by vigorously promoting rural industries.

The on-the-spot work meeting also adopted similar measures to help some cadres of Fuxin City clear up the misconception that "it is bad luck to develop the coal industry." The measures required that Fuxin City proceed from the needs of the national economy and continue to maintain its characteristic as a city of coal-generated power. While serving as an energy base, Fuxin City should also get rid of poverty by solving the problems of a single production pattern, upgrading the newly developing industries. [passage omitted]

The on-the-spot work meeting also stipulated some policies to facilitate a change in the outlook of these poor areas. These policies included the following:

A provincial foundation is to be established to help poor areas tap natural resources in the areas; current provincial agriculture-supporting turnover funds are to be circulated mainly in counties and townships of poor areas; banks should grant more loans for development to poor areas than to other areas; the provincial financial department is to subsidize counties of poor areas with greater expenditures than income on a regular basis; poor counties and cities such as Chaoyang and Fuxin are to carry out the financial subsidy contract system — in the first three years, the provincial government will not share the profits attained but allowed the local governments to keep them as developing funds for the areas.

The meeting has also adopted the following measures:

In order to encourage the rural labor force of poor areas to work in other localities, the contracted farmland assigned to those who work outside their areas will not be reclaimed; instead, they can be tilled by the families, relatives, or by subcontractors. In order to encourage joint ventures of developed areas and impoverished areas, those enterprises jointly run with Chaoyang, Fuxin, and other poor areas will be considered as enterprises to help shake off poverty, so that their energy and transport costs will fall to the local governments and they will not have to pay either business or income tax for five years.

SHENYANG MILITARY REGION HOLDS ARMY DAY MEETING

SK130753 Shenyang LIAONING RIBAO in Chinese 1 Aug 86 p 1

[Text] On the afternoon of 31 July, the Shenyang Military Region held a report meeting on the current situation at Shenyang's Army Club to mark the 59th anniversary of the founding of the PLA. Retired veteran Army cadres living in Shenyang, and cadres at and above regimental level of the organs stationed in Shenyang, totaling more than 1,300, attended the meeting.

Commander Liu Jingsong, Political Commissar Liu Zhenhua, and other leaders of the Military Region and its headquarters, and political and logistic departments stationed in Shenyang also attended. On behalf of the Military Region, Commander Liu Jingsong extended festive greetings and warm regards to retired the veteran cadres, and all the comrades of the organs of the Military Region, and then talked about the major events which occurred in the world in the first half of this year in sequence. His speech enabled the participants to better understand our country's foreign policies, further clarify the importance and necessity of Army building in the peaceful construction period, and be determined to make new contributions to strengthening Army building.



PLA COMMANDER ON ARMY ROLE IN CONSTRUCTION

HK120532 Beijing RENMIN RIBAO in Chinese 4 Aug 86 p 4

[Article by Zhao Xianshun, commander of Lanzhou Military Region: "Rendering Service on the Development and Construction in the Great Northwest" -- capitalized passages published in boldface]

[Text] The development and reinvigoration of the great northwest has occupied a special position, and played a significant role in the socialist modernization of the whole country. Working together with the people of various nationalities in the northwest, Army units stationed there are creating conditions and making preparations for the large-scale development and construction in the great northwest. This is a glorious mission entrusted to us by history. How should the Army render effective service to the development and construction in the northwest? I would like to express my personal views on this subject:

1. **TURNING FRAGMENTARY AND SCATTERED SUPPORT INTO LONG-TERM AND STRATEGIC SUPPORT.**

It is a glorious tradition of the People's Army to support local construction. During the war years, wherever they went, our troops worked to help the people. Since liberation, they have taken an active part in socialist construction, and made their proper contribution. However, in the past, the support rendered by our troops to local construction was basically limited to "places where they were stationed." Under the new historical conditions, the Army should make contributions to the development and construction in the great northwest. They should turn their fragmentary and scattered support into a long-term and strategic support.

Such a change conforms with the strategic needs of the development in the northwest. The economic and strategic task of the state for the development and construction in the great northwest should be accomplished in a planned way and step by step. This has demanded that the Army proceed from the overall strategic situation, work out a long-term plan for supporting local construction, and define different key projects during different periods.

Such a change conforms with the characteristics and requirements of the economic development in different provinces (regions). The five provinces and regions of Shaanxi, Gansu, Ningxia, Qinghai and Xinjiang each have their own strong points and characteristics. Their strategy for development, measures taken, key projects selected and so on are bound to be different. While supporting local construction, the troops should proceed from the actual conditions of the provinces and regions concerned to determine the key items and projects which they intend to support. They should devote their limited manpower and material resources at the critical time and to the critical projects. Only thus will their support play a forceful and promotional role in the local economic construction.

Such a change conforms with the strategic transformation of the guiding thought for national defense construction. Today, we have carried out strategic transformation of the guiding thought for national defense construction, and the work of our troops has embarked on the path of peaceful construction. Under such circumstances, supporting local construction is no longer an activity of supporting the Army and cherishing the people in general. [paragraph continues]



It is an important construction task of the Army during peacetime. In other words, we should comprehensively consider the building of the Army itself and its support for local economic construction in terms of the guiding thought for Army work, arrangements, assignments of tasks, the use of Armed Forces, and so on. While working out a long-term plan, we should have short-term objectives. While determining the key projects to be supported, we should define the tasks of various units.

**2. THE METHOD OF RENDERING SUPPORT FROM SEPARATE COMPANIES AND BATTALIONS SHOULD BE CHANGED INTO A METHOD OF RENDERING GREATER SUPPORT FROM ORGANIZATIONAL DIVISIONS AND REGIMENTS.**

There are at least two advantages which can be derived from the method of rendering greater support from organizational divisions and regiments:

Just like economic construction throughout the country, the development and construction in the great northwest should follow the path of "promoting work in all areas by drawing upon experience gained from key projects." To give effective support to the construction in the northwest, the Army should selectively take part in some key construction projects. Key projects are frequently characterized by great investment, long time limit, difficult construction, arduous tasks, and so on. Generally speaking, it is impossible for units below regiment level to undertake the task. However, if the projects are carried out by organizational divisions and regiments, they can concentrate their strongest soldiers and capable officers on projects to build up the momentum of large formation warfare in terms of manpower. If all these are combined with financial and material resources invested by local authorities in the key projects, they will become an invincible assault force.

The method is beneficial to enhancing the results of the support. A few years ago, when Army units in our region supported local economic construction, they spent more than one million working days on the projects concerned. But they still could not do very much outstanding work. After employing the method of rendering greater support by organic divisions and regiments, the main efforts can be concentrated on influential key projects to ensure their completion one after another. In so doing, we will avoid wasting manpower and the problem of poor results, and enhance economic results of the support rendered by Army units.

**3. TURNING PURE ECONOMIC SUPPORT INTO SUPPORT WHICH IS LINKED WITH IDEOLOGICAL AND CULTURAL BUILDING**

Upholding the principle of simultaneously grasping the building of material and spiritual civilization is a strategic guiding principle repeatedly stressed by the CPC Central Committee. The great northwest is going to take off. The building of material civilization, which is marked by economic construction, is only one wing. The building of spiritual civilization with ideological and cultural building as its main contents is another wing. It is impossible to clap with one hand. It is also impossible to fly with one wing. To support the development in the northwest, the Army should adopt a guiding principle of integrating economic construction with ideological and cultural building so that the building of the two civilizations will take off wing to wing.

According to the practical reality of the development and construction in the northwest, while supporting local ideological and cultural building, the Army may support local scientific and cultural undertakings because educational activities in the northwest are progressing very slowly, and the cultural and educational level of the masses is comparatively low. [paragraph continues]

Considering the practical conditions, with many minority nationalities in the northwest, the Army may give publicity to the party policy for nationalities and do well in promoting unity among various nationalities. The Army may also help the masses change prevailing habits and customs, and establish a new, healthy and civilized way of life.

**4. TURNING THE SUPPORT CONFINED TO LOCAL CONSTRUCTION INTO SUPPORT WHICH IS LINKED WITH THE BUILDING OF THE ARMY UNITS AND NATIONAL DEFENSE CONSTRUCTION.**

The key function of the Army is to fight the war, and safeguard the security and the four modernizations program of the motherland. Even during peacetime, the Army should not slack off in its own building. Therefore, we should unify the support for local economic construction with the efforts to strengthen the building of the Army itself. Under the present conditions in which our troops have been streamlined and re-organized, our personnel have been reduced, and our financial resources are limited, we should fully make use of some useful conditions occurring in the support for local construction, and do well in war preparations in order to constantly enhance combat effectiveness of our troops. One simple and effective way is that we should do our best to select economic construction projects which can be linked with the education, training, war preparations and other work of our troops. For example, these projects may include the projects of helping local people promote afforestation, developing transportation, investigating resources, surveying all-weather geography, and so on. By selecting these projects, we will be able to achieve the dual purposes of supporting local construction, and strengthening the building of the Army units themselves.

In a word, the Army supporting development in the great northwest has opened up a new way for promoting national defense construction. While supporting local economic construction, army units stationed in the northwest should strengthen their own building, and constantly enhance their modernization level and combat effectiveness in accordance with the requirements of modern warfare. They should make new contributions to safeguarding the security of the motherland and socialist construction, and promoting the sacred cause of defending world peace, which are worthy of our great era.



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LIAOWANG VIEWS TAIWAN-U.S. TRADE RELATIONS

HK141541 Hong Kong LIAOWANG OVERSEAS EDITION in Chinese No. 32, 11 Aug 86 pp 21-22

[Article by Song Jichao: "Taiwan-U.S. Bilateral Trade Relations Have Become Increasingly Strained"]

[Text] Faced with an ever-increasing foreign trade deficit, the U.S. Congress is ready for a showdown. Since the beginning of last year, it has introduced over 300 trade protection bills, with the spearhead aimed directly at the major U.S. trade rivals. Fifty-two such bills are related to Taiwan. According to information from Capitol Hill, Taiwan is listed as a trade partner whose product competitiveness threatens Americans' employment opportunities, second only to Japan.

Hard-pressed by U.S. trade protectionism, Taiwan's economic officials, academics, and businessmen find it difficult to hold their own. This is because any possible steps taken by the United States, whether they are protective measures or retaliatory actions, will affect Taiwan's economy.

**Taiwan's Enormous Trade Surplus With the United States.**

Since the beginning of this year, in an attempt to adjust their increasingly strained trade relations, Taiwan and the United States have held frequent bilateral talks, the influence of which is drawing widespread attention from various quarters. According to analyses by some Taiwan economists, the strained bilateral relations are chiefly caused by two factors: First, Taiwan's trade surplus with the United States has been continuously increasing for the past 15 years, reaching as much as \$10 billion a year. Such an enormous trade in balance is hardly tolerable even for a very rich country. Second, Taiwan relies too much on the U.S. market. The United States is Taiwan's largest export market. Some 50 percent of Taiwan's products are exported to the United States. In spite of this, the Taiwan side has built high trade barriers, making it difficult for American products and labor services to enter Taiwan's market.

Taiwan lays so much stress on trade with the United States that one person puts it this way: "As soon as the United States sneezes, Taiwan catches a cold." This shows that U.S. protectionism will have a serious impact on Taiwan's economy. The United States regards the high trade barriers built by Taiwan as an "unfair trade move" and calls for their removal. Otherwise, it will take retaliatory actions. Taiwan's trade with the United States is facing a grim period.

Taiwan's trade surplus with the United States, which first occurred in 1968, then amounted to only \$390,000. Over the past 15 years, however, the surplus has been continuously increasing. It was \$450 million in 1971 and increased to \$720 million in 1973. After dropping slightly for the next 2 years, it rose again in 1976, progressively increasing at a great margin year after year. In 1983, Taiwan's trade surplus with the United States drastically increased to \$6.88 billion and, in 1985, it topped \$10 billion.

An official of Taiwan's "Economic Construction Committee" recently announced that in the first half of this year, Taiwan's trade surplus with the United States reached \$6.15 billion, breaking all previous records. Due to the lack of investments on the part of Taiwan's public-run enterprises, the purchase of mechanical equipment from the United States has been at a standstill for the past few years. [paragraph continues]



That is why Taiwan's exports to the United States have drastically increased while its imports from the United States have shrunk. Moreover, Taiwan has not made any plans for large-scale construction projects. Therefore, its trade surplus with the United States will continue to increase in the future and is expected to top \$12 billion by the end of this year.

The U.S. total trade deficits amount to more than \$100 billion, and Taiwan's trade surplus with the United States accounts for only 10 percent. However, this figure has become the pretext under which the U.S. protectionists take retaliatory actions. In recent years in particular the U.S. economy has slowed down and the unemployment rate has risen. American industrial and commercial circles can easily shift the responsibility for these ills onto the U.S. preferential tariff system and its beneficiaries. It is generally held that Taiwan is the greatest beneficiary of the U.S. preferential tariff system because a quarter of the duty-free goods entering the U.S. market come from Taiwan.

#### The United States Calls For Bilateral Fair Trade

Posing as the patron saint of free trade, President Reagan has consistently promised to stick to the principle of "not signing any protectionist bills." However, under the pressure of growing protectionism in the country, he repeatedly indicated that it is necessary to conscientiously deal with the "unfair trade practices" of its trade rivals.

According to some relevant reports, the United States holds that Taiwan's unfair trade practices are chiefly manifested in the following ways:

-- Excessively high import tariffs: At present, Taiwan's average actual tariff rate (the ratio of the actual tariff income to the total import value) is 7.7 percent. That is to say, a tariff \$7.70 should be paid for every \$100 worth of goods imported to Taiwan. This is not only much higher than the United States, Japan, and other industrially developed countries, but also higher than the others among the "four little dragons" in Asia, namely, South Korea, Singapore, and Hong Kong. The U.S. side has thus drawn a conclusion that the high tariff barriers are a major reason for the trade imbalance between the United States and Taiwan. However, the Taiwan side has warned the United States that even if Taiwan would dismantle all the tariff barriers, it is very probably Japan, and not the United States, that will benefit from them.

-- Excessive controls over imports: In addition to high tariff barriers, Taiwan has also put up more serious trade obstacles through import controls. Moreover, numerous additional restrictions have been placed on importable goods, such as restrictions on applications and on the areas where the goods are purchased. Therefore, few categories of goods can be freely and unconditionally imported to Taiwan.

-- Unchecked counterfeit merchandise: According to the statistics released by U.S. Customs, of the imitations found in the United States 3 years ago, 56.1 percent came from Taiwan. This has not only earned for Taiwan the ill name "the imitation kingdom" but also enabled the United States to more forcefully ask Taiwan to resolve this problem at an early date. In the past year or two, the situations regarding imitations has improved to some extent, but there has been no end to the trade disputes between Taiwan and the United States in this regard.

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-- Insufficiently open markets for industries and technology to foreign investors, particularly for the service trades such as banking, insurance, and the advertising industry, which are flourishing in the United States.

The above-mentioned issues have become hot topics in the Taiwan-U.S. bilateral trade talks. However, Taiwan holds that the U.S. charges of unfair trade are unjust because the United States has also placed some trade restrictions on Taiwan.

In an attempt to adjust their delicate relationship, Taiwan and the United States held a series of trade talks in June and July this year.

From 16 to 18 June, both parties consulted in Taipei on the preferential tariff issue. During the talks, the U.S. side put forward a whole set of plans aimed at balancing U.S. - Taiwan trade. They appeared to discuss the questions of Taiwan continuously enjoying U.S. preferential tariffs in the future and opening its market to American cigarettes and wine. But in truth, using the 1984 new trade law as a threat and the preferential tariff measures as bait, the U.S. side forced Taiwan to substantially reduce its import tariffs (by 50 percent on the average), to relax controls over imports, and to ease restrictions on industries for foreign investors.

On 26 June, the Taiwan and U.S. trade delegates again held talks in Taipei to discuss the "overseas sales ratio" of cars manufactured in Taiwan with foreign capital. It is reported that Taiwan decided in March 1986 to cooperate with Japan's "Toyota" company in manufacturing the Toyota 1,600 cc car series. Both parties also agreed on the overseas sales ratio. A total of 10,000 cars will be manufactured in 1988, which will not be sold overseas; when the annual output reaches 38,000 in 1991, some 4,500 of them may be sold overseas, chiefly to Southeast Asia and Saudi Arabia.

The main topic of the talks was whether or not the overseas sales ratio of Taiwan cars violated the new U.S. trade law. During the talks, Taiwan's delegates explained in detail the background of and reasons for the overseas sales ratio, saying that the quantities were small and that the U.S. market was not listed as an objective. The U.S. delegates stressed, however, that such a practice has created a precedent and that if many other countries follow suit, it will create problems for American transnational enterprises and even dampen American businessmen's initiative in investing abroad. Therefore, the U.S. side insisted that Taiwan cancel the overseas sales ratio.

Meanwhile, Taiwan and the United States have held three rounds of talks on textile quotas. After hard bargaining, a new agreement was reached in mid-July.

According to the new agreement, in addition to the previously restricted items such as cotton and woolen fabrics and man-made fiber products, the United States also placed new restrictions on silk and linen fabrics. On the basis of the previous year's total quantity up to May 1986, the textile quotas will first be reduced by 7 percent and then progressively increased by 0.5 percent annually for the next 3 years. Compared with an average annual increase of 15 percent since 1981, the growth rate has dropped considerably. It is estimated that the new agreement will reduce Taiwan's export textile business with the United States by at least \$500 million for the next 3 years.

People in Taiwan's industrial and commercial circles cry out in alarm: Taiwan's textiles are now beset with difficulties in the United States, its biggest export market, and probably the good days of the other exports products are also numbered.



COMMENTARY SPECULATES ON ARKHIPOV'S PRC VISIT

OW141455 Taipei CNA in English 1440 GMT 14 Aug 86

[Text] Taipei, Aug. 14 (CNA) — The following is a commentary by the Broadcasting Corporation of China (BCC) in Taipei entitled "Arkhipov's 'Private Visit'".

Soviet sources in Peking revealed last Friday that Soviet First Deputy Premier Ivan Arkhipov was in Mainland China for a private visit. Neither Moscow nor Peking has confirmed the report. The Soviet sources even declined to say when Arkhipov arrived or the purpose of his visit, although unconfirmed reports said he was receiving acupuncture treatment. Maybe Arkhipov's latest visit to the Chinese mainland was private in nature. At 78, he could need some acupuncture treatment. But the timing of Arkhipov's arrival in Mainland China and the role he has played before cast strong doubts about the nature of his latest journey to Peking.

Arkhipov is one of the few in the Soviet ruling circle that have maintained close relationship with the Chinese Communist regime. Back in the 1950's when the two communist neighbors were at the height of their honeymoon he was the person in charge of Soviet Assistance to Red China. At that vantage point he established personal bonds with some of the leading personalities in Peking, including Chen Yun. Because of such historical ties, Arkhipov became the highest Soviet official to visit Mainland China when he journeyed to Peking in December 1984 shortly after the ascendancy of Mikhail Gorbachev. Arkhipov did not fail his mission. He not only succeeded in re-establishing his personal ties in Peking but also boosted the official relations between the two former allies.

In the 20 months since then Moscow and Peking have stepped up their economic, trade and technical exchanges as a result of an agreement Arkhipov reached with the Chinese Communist authorities during his 1984 visit. Last March Arkhipov traveled to Peking again in the wake of the 27th Supreme Soviet to attend the first joint meeting of the "Committee for the Promotion of Sino-Soviet Economic Trade, Science and Technical Cooperation." Moscow has repeatedly signaled to Peking its hope for closer relations. The offering of olive branches from the Soviet culminated in the recent Gorbachev proposal to reduce troop deployment among their common border and his offer to pull back a substantial portion of Soviet troops in Outer Mongolia. While Red China has yet refrained from making an official response, the Chinese Communist leadership has shown unmistakable signs that it is intensely interested in Gorbachev's proposal.

It was against such a background that reports of Arkhipov's unannounced trip to Red China surfaced. It could not be just a coincidence. Right after the report of Arkhipov's "private" visit to Peking, Red China announced that it has signed a consular agreement with Outer Mongolia. This shows that Peking is already taking steps to mend its political fences with the Soviet even before an official response to Gorbachev's proposal is made. Who can believe that Arkhipov's visit was entirely private under such circumstances?

TA KUNG PAO STRESSES CAMBODIA IN PRC-USSR TIES

HK150510 Hong Kong TA KUNG PAO in Chinese 14 Aug 86 p 2

[Editorial: "We Hope for Early Normalization of Sino-Soviet Relations"]

[Text] CPSU General Secretary Gorbachev spoke on improving Sino-Soviet relations in his speech in Vladivostok on 28 July. After 2 weeks of serious study, the Chinese side made its official response yesterday, when State Counsellor and Foreign Minister Wu Xueqian met Soviet Charge Fedotov and expounded on China's attitude, to be relayed to the Soviet Government.

China sincerely hopes for the early normalization of relations with the Soviet Union. China's peaceful foreign policy of acting independently and keeping the initiative in its own hands includes seeking a tangible improvement of relations with the Soviet Union in the course of eliminating the three big obstacles. As everybody knows, these three big obstacles are Soviet support for Vietnamese aggression against Cambodia, the Soviet invasion of Afghanistan, and the stationing of powerful Soviet forces on the Sino-Soviet border.

In his Vladivostok speech, Gorbachev announced that the Soviet Union would withdraw in stages from Afghanistan, pulling out six regiments before the end of this year. He also said he is now discussing with Mongolia the withdrawal of a substantial part of the Soviet forces stationed in that country.

Gorbachev revealed something new in his speech. However, the Soviet Union has 100,000 troops in Afghanistan, and Gorbachev announced the withdrawal of only 6,000; the Soviet Union has 1 million troops stationed on the border with China, and Gorbachev only mentioned withdrawing part of the forces stationed in Mongolia. He said nothing at all about Vietnamese withdrawal from Cambodia.

Wu Xueqian made China's response known yesterday. He viewed as important and welcomed Gorbachev's remarks on improving relations with China, but stressed that these remarks were still a long way from eliminating the three big obstacles, and in particular Gorbachev avoided mentioning the question of Vietnamese withdrawal from Cambodia; China was not satisfied with this.

Wu Xueqian went on to explain that a fair and just settlement of the Cambodian problem is the matter of greatest concern to China, and that Vietnam must withdraw its forces from that country. It is very plain that it will be very difficult to truly bring about normalization of Sino-Soviet relations if mention of Vietnamese withdrawal from Cambodia is avoided and only the other two of the three big obstacles are mentioned.

Speaking on the Cambodian question at a press briefing on 6 August, Soviet Deputy Foreign Minister Kapitsa said that "everything that has happened there is irreversible." He also asked the journalists to take note of Gorbachev's Vladivostok remarks concerning his concern for the restoration of comradely dialogue between China and Vietnam. These supplementary comments of Kapitsa are also unsatisfactory. China has repeatedly stated in the past few years that so long as Vietnam withdraws from Cambodia and allows Cambodian affairs to be handled by the Cambodians themselves, China and Vietnam can restore their traditional friendly relations. Unfortunately, Vietnam still shows no sincerity in this respect. It is a waste of time to call for "comradely dialogue" between China and Vietnam without also calling for Vietnamese withdrawal from Cambodia.



An Asian "hot spot" has been created by Vietnam's invasion and occupation of Cambodia, using 180,000 soldiers. This affair has a direct bearing on the Chinese people's vital security, and the Chinese Government will absolutely not ignore it. In March this year, the Coalition Government of Democratic Kampuchea [CGDK] put forward an 8-point peace proposal for settling the Cambodian problem, by which Vietnam would withdraw its forces in two stages and a 4-party coalition government would be formed, including the Heng Samrin regime. This is fair and reasonable. Yesterday, the CGDK held a cabinet meeting on territory under its control; the meeting issued a communique again appealing to the Vietnamese leadership to sit down to negotiate and consider the 8-point proposal. Vietnam's party and government leader Truong Chinh is currently in Moscow, and met Gorbachev on 12 August. The two reiterated Soviet and Vietnamese desires to normalize relations with China. If this is really the case, then practical action should be taken to settle the Cambodian problem.

In his Vladivostok speech, Gorbachev said that he would be willing to hold a dialogue with China at any time and at any level. In fact, China and the Soviet Union have already had a dialogue at a certain level. The problem lies in earnestly seeking substantive progress. Wu Xueqian showed initiative for dialogue when he met the Soviet diplomat. We now have to wait for the Soviet Union to seriously consider China's views.

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18 AUGUST 1986

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